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World News

Radicals step up campaign to divide Soviet party

Leading radicals in the Soviet Communist Party stepped up preparations for an open split in the party, urging members to suspend payment of their dues, and begin setting up alternative party structures.

The move came as President Gorbachev and his allies in the party leadership struggled to stop the split happening before next week's full-scale party congress. Page 2

Shamir hard line

Israeli Prime Minister Yitzhak Shamir has restated the Likud party's hardline position and rejected key elements of a US-initiated peace proposal centring on Israeli-Palestinian talks. Page 6

Payroll cut vetoed

Brazil's Supreme Court vetoed Government attempts to reduce the pay of 34,000 civil servants in a further setback for President Fernando Collor's economic stabilisation programme. Page 5

Van Goghs stolen

Dutch police launched a nationwide manhunt after three early works of Vincent van Gogh were stolen from a museum in the Netherlands.

Curfew eased

Zambian President Kenneth Kaunda, facing the worst crisis of his 26-year rule, partially lifted a blanket curfew imposed after food riots killed at least 23 people in the capital Lusaka. Earlier report, Page 6

Reform in Romania

Romania's Prime Minister, anxious to prove his Government's commitment to political and economic reform, unveiled a radical economic programme to pave the way for a market economy. Page 3

Economy damaged

Austerity measures imposed by the Chinese Government have caused the country's worst economic slump in a decade, according to a US Central Intelligence Agency report. Page 6

Journalists held

Kenyan police arrested four senior journalists in a crack-down apparently linked to newspaper reports of police harassment and a pitched battle between Nairobi slum dwellers and city security guards this month. Page 6

Seal death outcry

Animal welfare groups raised a howl of protest after a Taiwanese factory paid the South African Government 8 cents each to club 25,000 seal cubs to death and process them into dried meat and dog food.

Amnesty visit

The Indian Government sought to stem criticism of its human rights record in Kashmir by allowing Amnesty International, the human rights group, to visit the northern state. Page 6

Parisian black-out

About 30,000 homes in central Paris went without electricity after a fierce rainstorm blacked out entire districts and halted five of 13 underground railway lines.

Business Summary

W Germany told to suspend tax on trucks

West Germany was ordered by the European Court of Justice to suspend a controversial truck tax due to come into effect on Sunday. Page 22

MARKETS: Tokyo, the Nikkei average closed with a loss of 206.56 at 32,106.19. Frankfurt, the DAX closed 6.29 lower at 1,895.17. Back Page, Section II

T. BOONE Pickens, Texan corporate raider, stormed out of the annual meeting of Koito Manufacturing, the Japanese car parts company where he controls a near-$1bn stake, denouncing the day's proceedings as a sham. Page 23

MITSUI, Japan's biggest trading company, is shortly to announce a £90m ($154.80m) residential apartment scheme in the London Docklands, its first big property development project in Europe. Page 22

MIDLAND Bank has taken action to hedge the open treasury position which cost it at least £116m in losses last year because of rising interest rates. Page 23

BOND Corporation Holdings, flagship company of the Australian entrepreneur Mr Alan Bond, was saved from possible liquidation after a special meeting of convertible bondholders by a last-minute procedural device. Page 23

KOKUSAI KOGYO, Japanese aerial survey company at the centre of a controversial takeover and a tax fraud investigation, was plunged into a new storm with the resignation from the board of its controlling shareholder. Page 26

COMMERZBANK of West Germany won permission to challenge in the London High Court a refusal by the Inland Revenue to reimburse it with £5m in respect of interest on overpayment of corporation tax. Page 9

GAN, Groupe des Assurances Nationales, French state-owned insurance group, was last night expected to complete successfully its FFr2.44bn ($.43bn) rights issue. Page 25

ISRAEL put up for sale a block of shares in IDB Bank holding Corporation, beginning the privatisation of the country's leading banks. Page 26

BCE, holding company controlling Bell Canada and Northern Telecom, is selling most of its shares in Encor, a Calgary oil and gas company, through a secondary offering in Canada and the US. Page 24

BARCLAYS de Zoete Wedd of the UK was engaged in one of the biggest own-account transactions by a stockbroker in Australia after paying $413m for a 30 per cent stake in Woodside Petroleum. Page 26

MINORCO, South African-controlled, Luxembourg-quoted investment group, appointed Robert Zerga, 49, as chairman and chief executive of Independence Mining in the US. Page 24

SINGAPORE Aerospace is to raise $81m through the flotation of a third of its share capital, becoming the first company under the state's privatisation plan to go public this year. Page 26

Japan and US conclude reform pact to combat trade imbalance

By Robert Thomson in Tokyo and Peter Riddell in Washington

JAPAN and the US yesterday concluded an unprecedented pact on economic reforms which the countries say will produce more efficient and open markets, promote growth and "enhance the quality of life" of their citizens.

President George Bush strongly welcomed the agreement, which came with the delayed conclusion of the Structural Impediments Initiative (SII) talks, originally intended to reduce Japan's $49bn bilateral trade surplus, but which have reviewed the roles of the most important institutions in both countries.

The agreement is important both because it will reduce domestic US pressures for fresh protectionist action against Japan, and because it will strengthen the position of the US and Japan in pressing at the Group of Seven leaders summit in Houston in 10 days time for completion of the Uruguay Round trade talks.

Mr Bush, who praised Mr Kaifu for "his strong and courageous political leadership," noted that both countries had identified trade barriers, "taken initial corrective actions and made commitments to take further steps to resolve a wide range of structural problems."

Japan's government has pledged to overhaul a range of government bodies, including the Fair Trade Commission, and introduce new laws which will encourage the use of idle land and even allow freer use of discount offers in the advertising of new products.

For their side of the bargain, which is less clearly defined, US officials have vowed to make the country more competitive by reforming the education system, improving export promotion, reasserting the country's openness to foreign investment, and eliminating the budget deficit.

President Bush stressed the need for further efforts to address structural problems and to maintain the momentum of adjustment efforts.

He said that continuing progress in these talks "can help us move away from trade disputes, thus allowing us to focus our efforts on more positive activities as we continue to develop a global partnership between our two countries."

Mr Linn Williams, the Deputy US Trade Representative, said that the "historic" agreement would not necessarily end trade friction between the US and Japan, but would mean that "there will be less reasons for trade friction."

"Trade frictions are natural when economies the size of the US and Japan interact as much as they do. If the SII process succeeds, many of the causes will be reduced," he said.

Doubt remains over whether the US Congress will be patient enough for the longer-term reforms to take effect on Japan's bilateral surplus – which has fallen in the first few months of this year, but, Japanese officials fear, could rise again if the yen remains weak.

The SII agreement embraces issues in Japan far beyond those directly related to trade, and includes a pledge by Tokyo to spend Y430,000bn ($3,268m) over the next decade to improve the country's infrastructure, particularly in housing, ports, sewerage facilities and even parkland.

Mr Toshiki Kaifu, Japan's Prime Minister, asked yesterday whether "foreign pressure" was necessary to make Japan a more consumer- and less producer-oriented society, said that the SII negotiations were not interference in Japanese affairs but "a mutual effort to raise the quality of life."

However, Japanese officials have been offended by some of the US proposals during the SII talks, and have resisted US attempts to tie planned public investment to gross national product.

Officials at the Bank of Japan complained yesterday that the Y430,000bn target, Y15,000bn higher than originally proposed, could reduce the country's financial flexibility and fuel inflation.

US negotiators had set a deadline of noon yesterday for the preparation of the SII agreement, but arguments continued through the afternoon and into the night.

Japan has promised to toughen penalties for breaches of anti-monopoly laws, to monitor the role of the country's corporate groups, to quicken the patent approval process, and to attempt to reduce the difference in prices between goods sold in Japan and those sold on foreign markets.

Analysis, Page 8

Deputy US Trade Representative Linn Williams arrives at the Japanese Foreign Ministry for talks yesterday

Dick Tracy of trade closes the case on SII

By Robert Thomson in Tokyo

FOR the past few days, Japan has been gripped by the unfolding drama of trade negotiations: late-night telephone calls from the US President, yen in the hundreds of trillions, and sensational coverage in newspapers that generally restrict their interest in statistics to baseball batting averages.

The drama goes by the uninspiring title of the Structural Impediments Initiative or SII, and the final curtain has hung tantalisingly above the stage for two days as US and Japanese negotiators have argued over where to put decimal points, forcing the popular press to find new ways to make the current account balance fascinating.

Assistant-secretaries of the US Treasury have become household names, and Mr Linn Williams, the Deputy US Trade Representative and senior US negotiator, has probably been the most photographed man in the country this week, partly because of his negotiating clothes of burgundy bow tie and broad-brimmed hat.

Mr Williams' taste in hats has made him seem a Dick Tracy of trade, an image bolstered by a past starring role in a dispute over cellular phones, and by his relentless pursuit of the structural impediment, a difficult-to-define foe blamed for the bilateral trade imbalance and other evils.

The exchange of vows by trade negotiators has overshadowed preparations for an Imperial wedding today between Prince Aya, 24, second son of Emperor Akihito, and Kiko Kawashima, a 23-year-old psychology student, who spent six years of her childhood in Philadelphia.

While the SII has examined imbalances of various kinds, one glaring imbalance has gone undiscussed: the level of public awareness about these issues in Japan compared with the US. On one day this week virtually every serious Japanese newspaper led its front page on SII.

US officials in Tokyo have tried to convince Japan that the talks are a "two-way street," with needed reforms taken on both sides, although much of the traffic has flowed one way. For example, the US delegation says President Bush's statement on reducing the budget deficit and increasing taxes was timed for the SII meeting, but Japanese officials suspect that the President's timing was more a matter of coincidence.

There are good reasons for ordinary Japanese to take an interest in the talks. A much-debated public investment package promises to increase the size of the average Japanese house from 89 square metres to 95 sq m over the next five years, to improve sewerage facilities and to lengthen airport runways by 48m to an average 800m.

The US negotiators' emphasis on the lot of ordinary Japanese is another reason for the rise to fame of Mr Williams, who has sometimes been harshly treated by a US press suspicious of trade representatives with backgrounds in Japan.

Japanese officials have been amazed by suggestions that the tough-talking Mr Williams may be a member of the so-called "Chrysanthemum Club" of US officials and ex-officials who are supposed to be overly sympathetic to Japan.

The Japanese negotiators regard his time at a Tokyo legal firm and publishing house as useful in understanding how Japan works and also appreciate his ability to pronounce their names correctly.

OECD sees sharp rise in short-term German interest rates

By Peter Norman, Economics Correspondent, in London

THE ORGANISATION for Economic Co-operation and Development (OECD) yesterday predicted a sharp rise in short-term German interest rates following economic and monetary union between East and West Germany this weekend.

In its latest Economic Outlook, the 24-nation Paris-based think-tank said the economic and monetary integration of the two Germanys meant that growth would be stronger and that "it may take longer to bring down inflation from rates now expected this year."

The OECD said it expected the German three-month interbank rate to rise to around 9.3 per cent in the second half of this year from around 8.3 per cent at present and that short-term rates would not start to decline before the middle of 1991. It added that long-term German government bond yields "may only rise a little further" to 9 per cent in the second half of this year from 8.7 per cent, as these already appear to reflect expectations of higher short-term rates.

In its report, the OECD said tighter monetary conditions and a more expansionary fiscal stance could result in upwards pressure on the real D-Mark exchange rate.

It said growth in West Germany would continue at its high 1989 rate of 4 per cent this year before easing to 3.4 per cent in 1991. It projected that consumer price inflation would quicken to 3.6 per cent at an annual rate in the second half of this year from 2.6 per cent in the first half and average around 3.3 per cent next year.

Mr David Henderson, head of the OECD's economic and statistics department, said in Paris yesterday that German economic union, with its substitution of a market economy for an old style command economy in East Germany, was "an epoch-making event." However, the effects on West Germany would generally be modest, he said.

The OECD estimated that East Germany's net demand for goods and services from West Germany and other OECD countries would increase at an annual rate of DM40bn ($23.8bn) to DM50bn by the second half of next year.

Continued on Page 22
Details, Page 2

Deal to supply British fighter jets to Saudis put in jeopardy

By David White in London and Paul Betts in Munich

BRITISH supplies of Tornado aircraft worth more than £1bn ($1.72bn) to Saudi Arabia are in serious doubt according to senior negotiators involved in a wide-ranging arms agreement between the two countries.

Deliveries of 72 Tornados to Saudi Arabia under a £5.5bn package deal, concluded in 1986, are due to be completed next year.

But a further delivery of 48 Tornado strike and fighter aircraft which were to have been delivered to Saudi Arabia and which represented the biggest single equipment item in a £10bn framework agreement signed between the two governments two years ago, now appears to be in jeopardy.

The threatened loss of the further Saudi order comes after successive cancellations of planned Tornado purchases by Jordan, Oman and Malaysia because of financial constraints. Oman and Malaysia said they would seek cheaper BAe Hawk aircraft instead.

The British Ministry of Defence announced last week it was cutting short its own purchases of Tornados and would not proceed with work on a final batch of 33 aircraft for the Royal Air Force.

If the Saudi order also falls through, it could mean Tornado production coming to an end in 1992, several years earlier than was foreseen.

The Tornado is a joint UK-West German-Italian venture. British Aerospace, which makes about 18 per cent of the aircraft in value terms, is responsible for final assembly for both the UK and Saudi Arabia, and is overall prime contractor for the Saudi deal.

The Saudi agreement is paid for through liftings of crude oil, but the flow of money from these liftings has not been matched delivery schedules.

The remainder of the Saudi deal – which includes other aircraft, helicopters, ships, major infrastructure projects, support and training, is still expected to go ahead, however.

The potential blow to British Aerospace emerged amid stock market speculation about a move by Daimler-Benz of West Germany to take up a holding in the UK group.

Mr Jürgen Schrempp, chairman of Daimler-Benz's Deutsche Aerospace subsidiary, denied in an interview plans to take a 5 per cent stake in a share swap operation.

"There are no serious talks on this subject," he said. But he confirmed that the two groups were considering a European partnership in commuter and regional aircraft. BAe's shares rose 16p to 560p at one stage, but later fell .

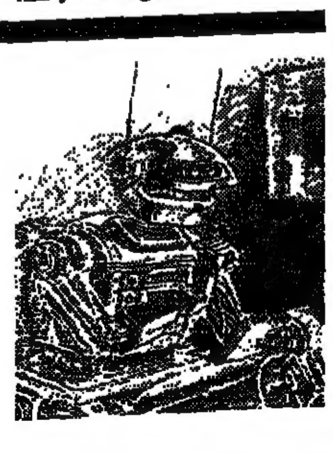
The cancellation by Malaysia set back hopes for Tornado exports to other developing nations and left Saudi Arabia as the only client for the aircraft outside the three partner countries.

Those countries have virtually completed their orders. An "eight batch" had been planned to provide the RAF with reserve aircraft, but these are no longer required as some squadrons now in service in Germany are likely to be withdrawn.

Deutsche Aerospace's plans, Page 24

Weekend FT

Tomorrow: Can man create machines more intelligent than himself?



Weimar's grey welcome: a slice of East German life

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A banker caught in the political crossfire of monetary union

Karl Otto Pöhl, president of the West German Bundesbank, has sent a message into 8.3m East German households that gives a taste of the extra challenges facing Europe's most powerful central bank.

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MARKETS

STERLING
New York lunchtime:
$1.74
London:
$1.7395 (1.7425)
DM2.9025 (2.9)
FFr9.745 (9.74)
SFr2.4575 (2.4525)
Y266.50 (269.0)
£ Index 91.3 (91.3)

GOLD
New York: Comex Aug
$354.1 (353.2)
London:
$352.25 (350.0)

N SEA OIL (Argus)
Brent 15-day
$N/A (15.90)

Chief price changes yesterday: Page 28

DOLLAR
New York lunchtime:
DM1.669
FFr5.604
SFr1.418
Y152.75
London:
DM1.668 (1.6640)
FFr5.6025 (5.59)
SFr1.413 (1.4075)
Y153.2 (154.40)
$ Index 67.0 (67.1)
Tokyo close: 154.42

US lunchtime rates
Fed Funds $8\frac{5}{16}$%
3-mo Treasury Bills:
yield: 8.004%
Long Bond:
$103\frac{1}{8}$
yield: 8.454%

STOCK INDICES
FT-SE 100:
2,355.7 (−17.8)
FT Ordinary:
1,867.8 (−14.8)
FT-A All-Share:
1,163.73 (−0.6%)
New York lunchtime:
DJ Ind. Av.
2,863.61 (+1.48)
S&P Comp
355.77 (+0.63)
Tokyo: Nikkei
32,106.19 (−206.56)

LONDON MONEY
3-month Interbank:
close $14\frac{15}{16}$ ($14\frac{13}{16}$-$14\frac{29}{32}$)
Liffe long gilt future:
Sep $88\frac{3}{8}$ ($85\frac{5}{8}$)

EUROPEAN NEWS

German leaders call for 'wave of investment'

By **David Marsh** in Bonn and **Andrew Fisher** in Frankfurt

THE LEADERS of West and East Germany yesterday issued a joint appeal for a wave of corporate investment in East Germany to lower the risks of mass unemployment and social unrest.

Mr Helmut Kohl, West German Chancellor, and Mr Lothar de Maizière, East German Prime Minister, urged companies to look at East Germany as a production site rather than as a market for western products.

The warnings, on the eve of German economic and monetary union on Sunday, came in speeches to a meeting of industrialists and trade unionists in Bonn. They reflect fears that the corporate sector's investment hesitancy could lead to large-scale popular disappointment in East Germany about the effects of the arrival of the D-Mark.

As the leaders of the not-yet-united Christian Democrat parties in West and East, Mr Kohl and Mr de Maizière are concerned to boost confidence, to increase their polling chances in December's all-German elections.

Mr Kohl said the plans followed by many West German companies to service the East German market from the Federal Republic were "in no way sufficient". Inevitable unemployment must not be blamed on the arrival of free markets, but on 40 years of socialism, he added.

Mr Theo Waigel, West German Finance Minister, added his own assurances before Sunday's introduction of the D-Mark to East Germany yesterday, telling industrialists that there was no danger of inflation following monetary union.

Mr Waigel said he and the Bundesbank had correctly predicted that East Germans would not go on a spending spree next week – a view echoed by Mr Karl Otto Pöhl, Bundesbank president, in remarks after yesterday's council meeting of the bank.

The Bundesbank also said yesterday that its next fortnightly council meeting on July 12 would be held in East Berlin for the first time.

Radicals step up preparations to force split in Soviet party

LEADING radicals in the Soviet Communist Party yesterday stepped up preparations for an open split in the party, urging members to suspend payment of their dues, and begin to set up alternative party structures, Quentin Peel reports from Moscow.

The so-called Democratic Platform in the ruling party claims the support of at least 2.5m members, over 10 per cent of the party's 20m members, and would be well placed to create the first serious opposition in a multi-party system.

The move came as Mr Mikhail Gorbachev and his allies in the party leadership struggled to stop the split happening at next week's full-scale party congress.

But the congress seems certain to be dominated by conservative members of the full-time party apparatus, as was the founding congress of a new Russian Communist Party last week.

The latest blow to reformers came yesterday in publication of new draft rules for the party, contrasting with the reformist draft policy statement on Wednesday, in asking significant concessions to party loyalists.

The new document proposes that "democratic centralism" – strict obedience to the decisions of higher party bodies – will stay at the core of the party structure. Only the day before, the proposed policy statement "strongly rejected" democratic centralism "as it existed under the command administrative system".

The new rules go some way to meeting the reformers' demand for greater party democracy, in overhauling the leadership structure, and insisting on greater openness in party work.

They would create a new post of party chairman – elected at full congresses, and not by the central committee – as the party leader, and relegate the job of general secretary to an administrator co-ordinating party bureaucracy.

The politburo would be replaced by a presidium, with size and membership left open, though Mr Gorbachev wants all republican party leaders automatically included.

The new body would be much more unwieldy than the Politburo, effectively leaving more power to an elected state president.

The rules also allow press coverage of party meetings, publication of draft documents and the right of rank-and-file members to attend higher bodies. But the rules suggest that organised party factions, with internal discipline, must be rejected, allowing only loose "platforms" of common interest groups.

The draft rules and draft policy will be submitted today to a meeting of the 300-strong party central committee for endorsement before the congress, setting the scene for Mr Gorbachev's first big battle. That meeting is expected to discuss postponing the congress entirely until autumn, in an attempt to delay the looming division.

"Democrats" within the ruling party want it to become no more than a parliamentary party, not claiming any right to be the "vanguard" and divesting itself of its huge party property, to allow development of a genuine multi-party system.

Business TV channel shuts

MR James Long, editor-in-chief of the Zurich-based European Business Channel, which will close today after filing for bankruptcy, said yesterday he would try to keep his team of journalists together to try again, Raymond Snoddy writes.

Mr Long is hoping that a new investor will come along to back "the most professional team I have worked with in my life".

'No' to immediate fighter pull-out

THE West German government has rejected an immediate pull-out from the four-nation European Fighter Aircraft (EFA) project on the grounds that this would cost the Bonn taxpayer nearly DM5bn (£1.73bn), David Marsh reports from Bonn.

But Mr Gerhard Stoltenberg, the Defence Minister, in a letter to the chairman of the Bundestag budgetary committee, left open the possibility Bonn could scrap the project when a decision on procurement is made in 1993. EFA, costing the West German government about DM6bn to develop, would suffer a crucial setback, though possibly not a terminal one, if the West Germans were not to continue through to the procurement stage.

Since the Free Democratic Party, junior partners in the Bonn coalition, now sides with the opposition Social Democrats in calling for a pull-out, a West German decision to end its EFA commitment seems now to be only a matter of time.

Defence Ministry officials however continue to say that "nothing has been decided".

Mr Stoltenberg justified continuing the development stage by saying it would give the civil aircraft industry valuable technological expertise in areas such as radar, materials, avionics and computer systems. The Bonn Defence Ministry puts the budgetary cost of developing the aircraft and building 250 of them for the Bundeswehr at DM23bn. The Social Democrats say the one-third German share could cost DM100bn.

East German consumer spending spree unlikely after union says survey

By **Stephen Fidler**, Euromarkets Correspondent

A SURVEY said to be the first to gauge East German consumer intentions suggests a consumer spending spree will not follow the weekend monetary and economic unification.

The results of the survey suggest the impact on growth of the economy and on inflation in West Germany will be more modest than many predictions.

The survey of 1,000 consumers interviewed across East Germany, commissioned by Bank of Tokyo Capital Markets, suggests that 53 per cent of savings converted into D-Marks will be deposited in long-term savings products. Only 19 per cent of savings will be spent in the first six months, of which a good proportion would be used to buy property rather than consumer goods.

The survey, conducted by NOP of the UK, said 16 per cent of consumers described property as being in the top three most likely purchases in the six months following monetary union.

It also shows only 8 per cent of those interviewed would consider investing in state-owned enterprises. Of those living in state-owned accommodation, 60 per cent said they would not consider buying their own home.

However, more than a quarter of the 16 per cent of the people interested in buying property said they would look to buy in West Germany rather than in the east. This may suggest more emigration to the west.

About East German Marks 183bn now lodged in savings accounts in East Germany will be converted into D-Marks and from July 9, consumers will have full access to the funds.

Mr John Hall, Chief Economist at the Bank of Tokyo, says the survey suggests unification will boost gross domestic product growth by only three-quarters of a percentage point.

Under pessimistic assumptions, he estimates this will add 0.45 percentage points to the rate of inflation, leaving it at about 3 per cent by year end. His estimates follow a simulation using the model of the West German economy of Oxford Economic Forecasting.

With East Germany experiencing substantial deflation and most inflationary pressure, Mr Hall said he does not expect the Bundesbank to raise interest rates this year except in the case of pronounced D-Mark weakness.

Worthless banknotes sent down the mines

EAST EUROPEAN communist leaders once sent their political prisoners down salt mines but East Germany's newly democratic government is reserving that fate for billions of worthless banknotes, Reuter reports from East Berlin.

When the West German mark takes over as the single German currency on July 1, East Germany's communist-printed money will be dumped deep in abandoned shafts once used to mine salt or even uranium, where they will slowly decompose.

"Banknotes do not burn in clumps," said a spokesman for East Germany's central Staatsbank. "They are not just made of paper, but of cotton and chemical dye too. The dye emits poisonous fumes when burned. We will let nature do the work for us, even if it takes rather longer this way."

A blast furnace near Leipzig has already begun melting down East Germany's lightweight coins for aluminium.

For the moment, coins worth 50 pfennigs (30 cents) and less will stay in circulation because the Staatsbank cannot cope with huge quantities of small change and it will take time to convert public telephone boxes and coin-operated machines.

"You will still be able to buy a bockwurst (sausage) and beer with the old money," the Staatsbank spokesman said.

The East German mark has had a chequered history. The Soviet Union introduced the currency in its zone of occupied Germany on June 24, 1948, four days after the western allies, the US, France and Britain, had brought in the deutschemark in what is now West Germany.

Both sides were keen to abolish the old Reichsmark. It had become so worthless after World War Two that black marketeers used to light their American cigarettes with rolled up one hundred mark notes.

But while the deutschemark proved the cornerstone of West Germany's economic miracle of the 1950s, the East German mark lost so much value that the government banned foreign exchange dealing in 1957.

While the communist government maintained an official one-to-one rate, black market traders over the years offered up to 20 East German marks for one West.

The East German money was as flimsy as its economic worth. East Germans nicknamed their small banknotes "Monopoly money."

Colourful artwork did not enhance the currency's buying power. On one side, the notes feature portraits of Goethe, Marx and an array of communist heroes. On the other are idyllic scenes from socialist life: combine harvesters reaping lush wheat fields, happy children skipping out of school, a laboratory worker sitting at a deck of high-precision instruments.

East German marks may acquire greater value as collectors' items than they ever had as money. A limited edition of gold 10-mark coins issued last October to mark East Germany's 40th anniversary are already in demand. West German newspapers reported one was auctioned for DM40,000 ($24,000).

Spain threatens action over telephone services

By **Lucy Kellaway** in Brussels

SPAIN threatened to take the European Commission to court yesterday over its planned implementation of a directive that will free the rapidly growing market in telephone services.

At a meeting of telecoms ministers in Luxembourg yesterday, the Spanish minister spoke out against the directive, which based on the controversial Article 90 of the Treaty of Rome.

This article is unpopular with member states as it allows the Commission to intervene directly to prevent monopolies from acting against the wider Community interest.

Its use is already being tested in the European Court of Justice on an earlier directive on telecoms equipment, and a judgement is expected by the autumn.

The telecoms services directive will come into force on the same date as a second measure, adopted yesterday by member states, that will set common standards for the technical conditions of access by small private company to public telephone networks.

THE OECD ECONOMIC OUTLOOK

Industrialised world settles into 3% sustainable growth rate

Peter Norman finds good and bad news in the OECD's latest assessment of the west's economic prospects

THE good news in the latest Economic Outlook from the Organisation for Economic Co-operation and Development (OECD) is that economic activity in the industrialised world has settled to a sustainable 3 per cent annual growth rate.

The bad news is that the uncertainties surrounding this prospect are "substantially larger" than six months ago.

The OECD's latest half-yearly review of economic trends sees little change from the current 3 per cent average growth rate, 4.5 per cent inflation and 6.5 per cent unemployment in the 24 member countries over the next 18 months.

However, it warns that developments in central and eastern Europe, the widespread increase in long-term interest rates since last September, exchange rate changes and frailties in certain financial markets such as the US could harbour dangers for the world economy.

The Outlook says achieving sustained growth of output and employment in the 1990s depends on:

- durably low inflation;
- a stable economic environment; and
- attention to a broad range of economic policies that influence the level of investment, its productivity and the efficient use of resources.

While noting there has been considerable progress on reforming member countries' economic structures, the report warns that the world's open multilateral trading system "is under threat from a wide range of opaque, non-tariff restrictions." It repeats the OECD's recurring complaints about "very costly" farm policies.

The OECD's main forecasts for the world economy over the next 18 months were released without comment before its annual ministerial meeting a month ago. They remain unchanged in the Economic Outlook.

GROWTH OF REAL GNP/GDP IN THE OECD
(% changes, seasonally adjusted at annual rates)

Country	'89	'90	'91
US	3.0	2.3	2.5
Japan	4.9	4.7	4.0
Germany	4.0	3.9	3.4
France*	3.7	3.1	2.9
Italy*	3.2	3.1	3.2
UK*	2.3	0.9	1.9
Canada*	2.9	2.0	2.8
G7 Total	3.5	3.0	3.0
Other OECD countries	3.8	2.5	2.7
Total OECD	3.6	2.9	2.9

*GDP.

This week's report makes clear that inflationary pressures are a continuing source of concern to the organisation. While average inflation "is projected to crest this year after a few years of slow upward drift," it notes there has been no clear turnround yet in countries such as Britain, where demand pressures have been greatest.

Moreover, some slippage has been seen over the past year in low inflation countries such as Japan and West Germany. In the OECD's view the balance of risks concerning inflation in the industrialised world "appears to lie on the upside," although the risk is uneven across countries.

The OECD warns that its member countries are operating near to, or in some cases above, their current potential output. Although it expects unemployment in the 24-nation area to rise to 25.8m in 1991, from 24.9m last year, it says there is "virtually no scope" for a sustained expansion of demand without improving the supply potential of member economies.

"Unemployment today is largely a structural problem calling for structural policy responses," it says.

The current economic situation, with its continuing inflationary pressures, requires "a careful balance in setting monetary policy." Although the Outlook projects a "substantial rise" in German short-term interest rates in the second half of this year, it says there is little reason for a sharp further tightening of monetary conditions "which could trigger an unwelcome slowdown in activity."

On the other hand, monetary conditions need to stay restrictive "until there are clear signs that demand pressures are subsiding and that inflationary expectations are receding."

The OECD registers "growing concern" about inadequate savings in the industrial world. Despite some recovery in recent years, total savings as a share of gross national product in the OECD remain well below the levels of the 1960s and 1970s, it says.

With investment in a reformed central and eastern Europe set to intensify competition for savings, it calls on governments to restrain spending. However, it recognises that such policies will become increasingly difficult as rising pension, health and environmental costs offset savings from lower defence expenditure following the decline in East-West tensions.

The organisation says the problem of inadequate global saving could also be tackled by shifting the weight of taxation from saving towards consumption, through increased reliance on sales and value-added taxes. On balance, the OECD warns against schemes to encourage particular forms of savings.

Although the report expresses concern about recent disturbances on financial markets, such as the rise in long-term interest rates and the weakness of the yen and Tokyo stock markets, it urges policy makers to adopt a cautious approach to such events.

"Concern about financial market effects on the real economy has to reach very high levels before it would seem warranted to divert monetary policy from its medium-term objective of price stability," it says.

The OECD reminds governments about the limitations of co-ordinated exchange market intervention as a tool for dealing with large exchange rate movements. It also warns Washington and Toyko against resorting to monetary policy changes to adjust the exchange rates of the dollar and yen without cutting the US budget deficit more resolutely and continuing the process of structural adjustment in Japan.

OECD Economic Outlook No 47. FFr100, OECD Publications Service, 2 rue André-Pascal, 75775 Paris Cedex 16. In the UK, £12, HMSO.

Strong exports will save UK economy from recession

By **Anthony Robinson**

BUOYANT foreign demand is expected to prevent the UK economy from tipping into recession this year, the Organisation for Economic Co-operation and Development (OECD) forecast yesterday. But it warned that inflationary pressures remained strong although output growth will be "significantly below productive potential" over the next 18 months, with domestic demand dropping in the near term before slowly recovering.

In contrast to recent exchange market enthusiasm for sterling on hopes of early entry into the European exchange rate mechanism (ERM), the Paris-based economic think-tank warned that "renewed sterling weakness, perhaps in response to rising interest rates abroad, or to disappointing inflation or trade data, could also pose a threat to the government's counter-inflation effort."

The report identified two other problem areas which conditioned its general assumption of "a continued improvement in the external balance and a reversal of the rise in inflation" in coming months, albeit at the expense of squeezed profit margins and lower wages growth. It warned that "the sustained buoyancy of narrow money and the revival of retail sales could indicate stronger than projected consumer demand" while the downturn of fixed investment and inventories could also be greater than expected.

A big risk, the report added, could be posed by a renewed rise in retail price inflation, due to higher mortgage rates and the poll tax, which gave a further boost to wage claims.

Looking ahead, the report said that economic adjustment was projected to continue only gradually. Exports should continue to be the main bright spot in an otherwise rather depressed economy. "Foreign demand is projected to remain the mainstay of economic activity" with net exports contributing 1.5 percentage points to GDP growth this year, the report said. Export growth, it added, "should outweigh a likely fall in domestic demand resulting from de-stocking, a modest decline in fixed investment and subdued growth in consumer spending."

Growth in domestic demand is expected to resume next year against the background of lower export growth and rising imports. The main boost to domestic demand however will come mainly from higher investment and re-stocking rather than private consumption whose expansion "is likely to remain modest in 1991". As a result "GDP growth is likely to recover in 1991 but should remain significantly below the growth of potential output", the report concluded.

BASIC INDICATORS FOR EASTERN EUROPEAN COUNTRIES

Indicators	Soviet Union	Bulgaria	Czechoslovakia	East Germany	Hungary	Poland	Romania	OECD
Population (m. 1988)	286.4	9.0	15.6	16.6	10.6	38.0	23.0	824.8
GDP ($bn. 1988)	1590.0	50.7	118.6	155.4	68.8	207.2	94.7	12073.0
GDP per capita, $	5552.0	5633.0	7603.0	9361.0	6491.0	5453.0	4117.0	14637.0
Annual Growth of GDP (%)								
1981-85	1.7	0.8	1.2	1.9	0.7	0.6	−0.1	2.5
1986-88	2.3	1.9	1.5	1.7	1.5	1.0	0.1	3.5
Living standards (1987)								
Cars per 1000 inhabitants	50.0	127.0	182.0	206.0	153.0	74.0	11.0	385.0
Telephones per 1000 inhabitants	124.0	248.0	246.0	233.0	152.0	122.0	111.0	542.0
Share of workforce in agriculture	21.7	19.5	12.1	10.2	18.4	28.2	28.5	8.0
Gross domestic investment/GDP	33.2	32.7	24.7	29.2	28.5	36.5	37.1	20.6
Share of private enterprise in GDP	2.5	8.9	3.1	3.5	14.6	14.7	2.5	70-80
%age of workers with secondary education	27.3	n.a.	29.4	n.a.	33.8	28.9	n.a.	61.0
Exports of goods as %age of GDP (1988)	6.6	23.0	19.7	13.7	14.7	6.4	11.2	14.4
Manufactured goods exports as share of exports to non-socialist countries	63.	59.3	72.4	77.3	79.6	63.4	50.6	81.8
%age change of share of OECD markets 1978-89	−26.	−18.5	-44.0	−25.2	−7.8	−32.3	−46.3	–

Source: OECD

Warning on prospects in eastern Europe

By **Anthony Robinson**

THE vultures are circling over eastern Europe, warns the OECD.

"Given the extremely imperfect asset markets in the region there is a risk that private investment will in part be characterised by predatory manoeuvres rather than longer term developmental considerations," the OECD cautions those east and central European countries tempted to see private investment and joint ventures as a panacea.

Some of these economies, it says "have a pressing need for foreign exchange and grossly inadequate information about the underlying market value of state assets, rendering them vulnerable to asset-stripping and transfer-pricing practices".

The Paris-based economic think-tank is also sceptical about the likely scale and impact of east-west economic co-operation. "The macro-economic significance of resource flows to central and east European countries is likely to be modest", it says in the first separate section devoted to eastern Europe. The only exception is East Germany, which it recognises as a special case, given the huge transfer of investment and wealth expected to follow monetary union.

The report warns that the "the speed with which foreign resources can be productively employed will depend crucially on the pace of structural and institutional transformation". But, it adds, "the eventual need for foreign resources to facilitate domestic reconstruction is well in excess of anything that could be absorbed efficiently or is likely to be forthcoming over the next several years".

Indeed the OECD questions whether the net effect of resource flows from the west to these heavily indebted countries with old-fashioned technologies and out-dated product lines will even be sufficient to compensate for the loss of an estimated $5bn annual subsidy from Moscow in the form of cheap energy.

The report advises the east Europeans to draw relevant lessons from the experience of heavily-indebted developing countries. This indicates that "the key to successful development is not primarily finance from abroad." Of greater importance, the OECD indicates, are factors such as gaining political acceptance for market-oriented structural changes, exploiting opportunities to expand exports, and allowing open import regimes to exert competitive pressures and provide price signals essential for structural change.

Given the modest scale of likely western assistance, the report concludes that "financing of economic restructuring in central and eastern Europe is likely to be dependent on strong domestic savings flows". Until now, high savings have been largely involuntary reflections of a shortage of consumer goods. Once such shortages are made good, incentives to save will need to be much stronger.

Romania paves way for market economy and privatisation

By Judy Dempsey, East European Correspondent

ROMANIA'S Prime Minister, Mr Petre Roman, anxious to prove his government's commitment to political and economic reform, yesterday announced a new cabinet and unveiled a radical economic programme aimed at paving the way for privatisation and a market economy.

Mr Roman, formally chosen as Prime Minister last week, pledged to a joint session of the Senate and the Deputies' Assembly, to carry through "the historic transition from a super-centralized economy to a market economy. The state must abandon to the greatest possible extent its role as proprietor and manager," he added.

His speech, just weeks after President Ion Iliescu invited miners to crush anti-government demonstrations in Bucharest, is likely to win support from intellectuals, students and technocrats who have argued that the government was dragging its feet on introducing radical economic reforms.

As he introduced the 23 ministers, Mr Roman was keen to stress their youth - most are in their early 40s - and their clean past. They "did not belong to the higher party and state hierarchy of the former régime," he said at each introduction. This is likely to reassure sections of public opinion that the ruling National Salvation Front is now committed to distancing itself from the old régime and is intent on structural reforms.

This was confirmed by yesterday's appointment of Mr Eugen Dijmarescu, 42, as minister of state responsible for economic orientation. Mr Dijmarescu, a senior member of the liberal-minded Institute of World Economy and coopted earlier this year as an adviser to Mr Roman, supports a market economy and opening up the country to foreign capital. He will be backed by Mr Theodor Stolojan, the new Finance Minister.

Mr Stolojan, 47, a liberal muzzled for years by bureaucrats and pro-Ceausescu officials, endorses a policy of judicious borrowing from the west, banned under the last years of Ceausescu.

Mr Roman also appointed as deputy Prime Minister with special responsibility for reform and relations with parliament, Mr Adrian Severin, 36, a friend and ally. Mr Severin had been one of the most outspoken advocates of "shock therapy" for the economy and is an eloquent supporter of privatisation. Promoted to Foreign Minister is Mr Adrian Nastase, 40, the former NSF spokesman. He replaces Mr Segiu Celac, who seemed unable to capitalise on the initial sympathy the world poured out to Romania last December.

Despite speculation of splits in the army, Mr Roman retained Mr Victor Stanculescu as Defence Minister, to rally the army behind the government. He also kept Mr Doru Viorel Ursu as Interior Minister, and the respected Mr Andrei Plesu as Minister of Culture.

Walesa's bid for presidency throws up warring factions

The tussles highlight Poland's problems as economic pressure mounts, Christopher Bobinski writes

THE fierce debate inside Poland's ruling Solidarity about Mr Lech Walesa's future political role promises to come to a head this weekend, with possible lasting consequences for the country's political landscape.

As the government braces to introduce unpopular price rises for domestic electricity and heating on July 1, the warring factions, for and against Mr Walesa, have called rival meetings of the movement's Civic Committees in Warsaw tomorrow and the day after. These should show the balance of power in the country's best-organised electoral machine.

The Civic Committees are ad hoc groups of Solidarity supporters which won the national elections last year and local ones last month for the movement. More parliamentary elections are due within nine months. With the Solidarity badge in their lapels and Mr Walesa's blessing, the committees dwarf not only the remnants of the Communist Party but also other new groups struggling to rebuild a political infrastructure.

The Committees have become a key element in a complex set of political gambits, as Mr Walesa tries to keep his dominant role amid ebbing support for the Government's austerity programme. Critics of Mr Tadeusz Mazowiecki, the Prime Minister, are regrouping in the Centre Agreement, a right-of-centre Solidarity faction, while his supporters are working to centralise the committees in a Solidarity party of government.

V-for-victory signs as Walesa speaks in Plock, north of Warsaw

The Centre Agreement criticises the bid to monopolise the Civic Committee and has taken up the cause of a Walesa presidency. It says only this will make the final break with the Communist past and give the population some badly-needed satisfaction as real incomes threaten to fall by up to 40 per cent. The Agreement, which says the present administration's privatisation policies are too slow, contains a number of Solidarity politicians disappointed not to have won government posts the first time around. It is calling now for a reshuffle and parliamentary elections soon.

While Mr Walesa continues to equivocate on his intentions for the post still held by General Wojciech Jaruzelski, the present incumbent, it is clear a mixture of ambition and concern for the country's future is propelling the union leader to bid for the presidency. He denies he has the makings of a despot – as his opponents, such as Mr Zbigniew Bujak, once a Solidarity leader, openly charge. "Why is the West making a tyrant out of me?" Mr Walesa asks, referring to critical articles in the western media which once could see him do no wrong.

Instead, he warns that it is his opponents, who this Sunday will urge the Civic Committees to set up a formalised structure committed to supporting the Solidarity Government, who are moving towards an authoritarian system.

"We have overthrown the communists and done nothing more than taken their places," he says, snatching a break in a Solidarity Union national committee meeting in Gdansk this week, which for the first time called on the Government to ease its incomes policies.

Tomorrow, the Walesa camp will be telling its supporters in the Civic Committees to retain their present loose structure and work with fledgling political parties to encourage a multi-party system.

"Poland has to have political pluralism and I am the one who is fighting for it," he says, arguing that one party formed on the basis of the Civic Committees will dominate the political scene for decades; as happened in Mexico, his supporters from the Centre Agreement would add.

"Mazowiecki, Geremek, Michnik are saints," Mr Walesa says of his opponents who are trying to organise the movement. "As long as they are at the head of such a party, the country is safe, but the ones who come after will wipe out democracy."

Mr Walesa's critics, such as Mr Adam Michnik, editor of the Gazeta Wyborcza, warn that the Solidarity leader's presidential ambitions – and the fact that only a populist wave could bring him the prize and the real power it carries – bode ill for the future of democracy in Poland. In the view of Mr Bronislaw Gerek, another former Walesa adviser and now head of the Solidarity group in the parliament, the Civic Committees organised in a coalition around Mr Mazowiecki's Government are the best safeguard for a free society.

But Mr Walesa's unerring political instinct, which has helped him survive the test of martial law and keep his hold over the movement as it re-emerged onto the political scene, is telling him that tension in the country is growing. He knows a lasting coalition like the one between the factions led by Mr Geremek and Mr Michnik, on the one hand, and Mr Mazowiecki on the other, who were rivals when the Government was being formed last autumn, threatens to reduce him to a ceremonial role.

Precisely for this reason, Mr Walesa told last week's meeting of his advisory committee, many of whom have since resigned: "I am terrified of any monopoly, including my own." But more immediately, Mr Walesa fears the threat of unrest is real and too dangerous to be left to a Government which so far has eschewed a hands-off approach to the economy.

"There could be a dust-up any minute now," he says, referring to the energy price rises due to come in on Sunday. "If there is trouble, I will side with the people." He also told the Solidarity union leadership: "We have invested a lot in this Government but we can't carry on losing face with our members," referring to the union's support for the International Monetary Fund's approved stabilisation programme. "If we do, there will be anarchy."

The weekend meetings will probably show a majority for Mr Walesa, since he retains the support of Solidarity's activists and rank-and-file. Some compromise may be forthcoming on July 8, as the Gdansk workers have summoned the various factions back to their roots, the shipyard where Solidarity began in 1980.

But the present tussles have highlighted the issues facing Poland as economic pressure mounts in a yet-to-be constructed political framework.

Bulgarian socialists still want opponents in coalition

By Judy Dempsey

BULGARIA'S Socialist Party (BSP), which earlier this month won an overall majority in elections, is still hoping to form a coalition government with the Union of Democratic Forces, the umbrella for the opposition groupings.

But Mr Zhelyu Zhelev, leader of the UDF, has repeated that the opposition will not form a coalition with the former communists. At the same time, a group of radical social democrats in the BSP has proposed a formal split in the party aimed at isolating the conservatives.

The stalemate in seeking agreement with the UDF, the largest opposition movement, has forced the BSP into an awkward position – so much so, that technocrats and reform communists centred around Mr Andrei Lukanov, the incumbent Prime Minister, believe that in the election, the party did too well for its own good.

The BSP's election strategy envisaged gaining about 45 per cent of the vote, enough to retain power but not enough to rule without a coalition with the UDF.

This would have given the technocrats the opportunity to marginalise the conservatives, who still run the provinces like feudal fiefdoms, in contrast to the cities, where the youth and intellectuals threw their weight behind the UDF.

Besides, the BSP did not relish taking sole responsibility for dealing with the debt and economic crisis, particularly since it will have to face the electorate again in 18 months' time.

But now, having won 52 per cent of the vote, which gives the conservatives, rather than the technocrats, considerable clout, the consensus among UDF officials is that the BSP should rule alone.

To complicate matters, the BSP is clearly divided about its future role in Bulgarian politics, as confirmed in an open letter published earlier this week in Duma, the BSP daily.

The letter, written by Mr Anzhel Vagenshtayn and others grouped around a loose association of social democrats within the party, point out that the elections proved the continuing influence of the conservatives, who remain capable in putting a brake on the reforms.

Mr Vagenshtayn appealed to the reformers to break away from the conservatives, and "create a new party in the spirit of the democratic socialist European tradition".

If such a split materialised, prospects for a coalition government could improve, paving the way for a consensus on economic reform.

French companies lead as cross-border acquirers

By Nikki Tait

FRENCH companies were the most active cross-border acquirers in Europe in the first quarter of 1990, followed by Swedish-based groups. UK companies fell into third place.

According to Translink's European Deal Review*, aggregate cross-border deal values reached Ecu11.6bn in the three-month period, against an overall expenditure of Ecu45bn for the whole of 1989.

Expenditure by French companies accounted for 37.4 per cent of first-quarter figure, while Swedish companies spent Ecu3.33bn or 28.7 per cent of the total.

Expenditure by UK companies on cross-border transactions in Europe was much more modest - only Ecu1.48bn, according to Translink, or 12.8 per cent of the aggregate sum.

In terms of target nations, the first three rankings - somewhat surprisingly - are also France, Sweden, and then the UK.

In the first quarter of the current year, France received just over 30 per cent of the expenditure, while spending on Swedish and UK targets amounted to Ecu2.39bn and Ecu2.35bn respectively, about one-fifth of the total in each case.

This is in marked contrast to the overall position during 1989, when the UK was by far the most popular "target nation". Last year, it received almost half the cross-border acquisition expenditure within Europe.

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EUROPEAN NEWS

Hands reach across the Aegean

Kerin Hope looks at optimism over a new Greco-Turkish dialogue

PERIODICALLY, a ray of light pierces the gloom surrounding Greek-Turkish relations, reviving hopes of sorting out a tangle of bilateral disputes that brought the two Nato allies to the brink of war only three years ago.

A change of government in Athens or Ankara invariably encourages speculation that *policies might change. In fact*, a dialogue proposed by Mr Constantine Mitsotakis, the conservative Greek Prime Minister, after he came to power in April could begin soon after he meets with his Turkish opposite number, Mr Yildirim Akbulut, during the Nato summit next month.

From Ankara, *however*, Turkish officials irritated by some comments made recently by Mr Mitsotakis have cast doubt on whether such a meeting will take place.

Mr Mitsotakis, nevertheless, has said he is willing to visit Ankara if constructive talks are in the offing, something no Greek Prime Minister has done since the 1950s.

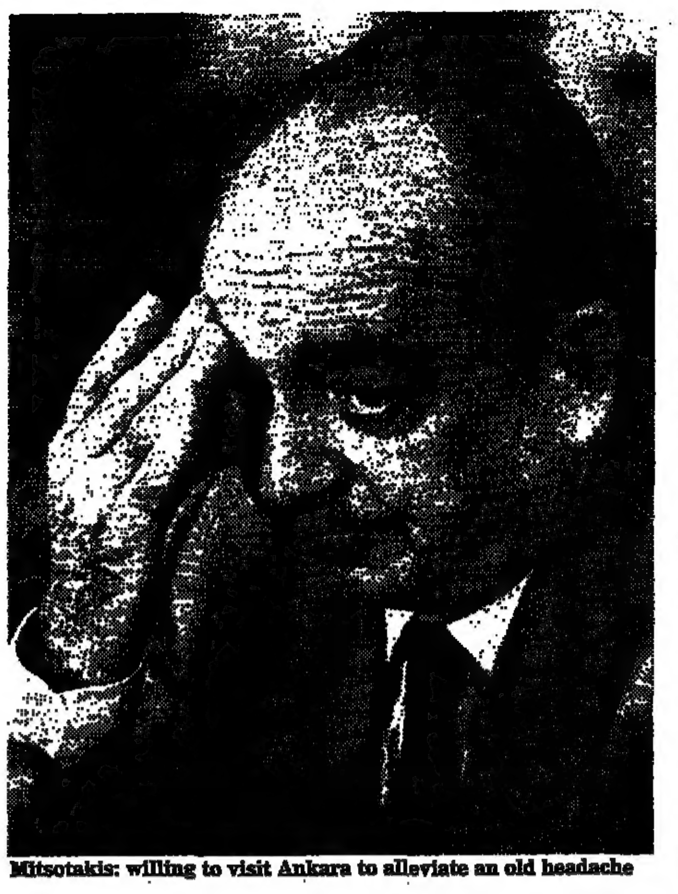
For the moment, no shift is discernible in the Greek position on the key issues of delineating the Aegean continental shelf and securing the withdrawal of Turkish troops from northern Cyprus.

In the opinion of successive Greek governments, interna*tional law favours Athens in* the argument over ownership of modest oil deposits beneath the Aegean Sea.

Accordingly, Greece insists that the International Court at The Hague should settle the problem. Turkey prefers bilateral talks.

When it comes to other disputes such as flight controls in Aegean airspace, the extent of territorial waters, or defence of the eastern Greek islands opposite Turkey, Greece simply says there is nothing to discuss. "It's like playing in a football match where all you can do is defend your own goal and you worry because you know that even the best defence gets beaten sometimes," a Greek official says.

Considering that the conservatives have only a one seat majority in Parliament, it seems unlikely that Greece will apply itself to working out a compromise on Aegean off*shore oil rights.*



Mitsotakis: willing to visit Ankara to alleviate an old headache

Traditional mistrust as well as respective Greek and Turkish domestic problems were blamed when the "spirit of Davos", as the last attempt at Greek-Turkish rapprochement was called, evaporated early last year. But the Davos process, which appeared to rely solely on the personal relationship developed by then-Prime Ministers Mr Andreas Papandreou and Mr Turgut Ozal, was viewed with suspicion by senior officials in both Greece and Turkey.

Even the confidence-building measures which included talks on unfreezing Greek assets in Istanbul, and on cultural and economic co-operation, have ground to a halt. Greece continues to complain that Turkish military aircraft deliberately swoop into Greece's 10-mile airspace zone.

TURKEY on Wednesday expressed disappointment over a European Community statement linking improvement in EC-Turkey relations with a settlement of the war-divided Cyprus problem, AP reports from Ankara.

A Foreign Ministry statement said the EC adopted a "biased" attitude towards the problem in a final communiqué issued at the end of its summit meeting in Dublin on Tuesday. The Turkish statement said the EC policy seemed to be accepted upon the insistence of Greece and would harm Turkey's relations with the community.

Still, after the narrowly averted clash in March 1987 over oil exploration in the northern Aegean, which came after six years of constant tension and only minimal bilateral contacts, no Greek government wants to take the risk of losing touch with Ankara.

The other reliable stimulus for optimism on breaking the Greek-Turkish deadlock is a show of interest in Cyprus by the United States which was particularly noticeable when Mr Mitsotakis visited Washington earlier this month.

The Cyprus problem took on a much higher profile because it was discussed at the superpower summit a few days earlier – its first appearance on such a high-level agenda. Hopes were raised immediately that the UN-sponsored talks, which collapsed in February, can be resumed.

The feeling in Athens is that Mr George Vassiliou, the Cyprus President, has done as much as any Greek Cypriot leader could to conciliate the Turkish-Cypriot side by accepting a bizonal federation as a solution, and that the next move must come from Mr Rauf Denktash, the Turkish Cypriot leader.

Greek officials hint that a Turkish gesture of goodwill, such as pulling out some of its troops in the north of the island and handing back a chunk of territory in the Famagusta area, might bring a positive response in the form of Greece lifting its veto on European Community financial aid to Turkey.

Although Turkey's application to join the Community was turned down, the European Commission places importance on increasing economic co-operation with Ankara.

The Greek-Turkish disputes are still holding up agreement on a Nato draft treaty at the Vienna conventional arms talks.

Greece argues that the southern Turkish port of Mersin, the launch point for the 1974 Turkish invasion of Cyprus and the main supply route for its troops on the island, should not be excluded from proposed arms reductions.

If Greece and Turkey could reach a compromise over Mersin, then the chances for a meaningful dialogue on other issues would be much improved.

Stockholm offers work training in Sweden to Baltic youth

by Robert Taylor
in Stockholm

THE SWEDISH Government intends to offer short-time work training places for up to a year to young people aged 18 to 30 from the Baltic states of Estonia, Lithuania and Latvia, the Government announced yesterday.

The country's labour minister, Ms Mona Sahlin, said that Sweden and the Baltic states had a long tradition of co-operation and it was important to help in the positive growth of their neighbours. If the scheme were successful it might be widened to areas beyond the Baltic states.

The work permit scheme did not envisage that young people coming into Sweden should be regarded in any way as foreign guest workers.

The Swedish authorities insist a number of conditions must be met for the scheme to operate. Work and residence permits will be permitted only if there is an agreement with a Swedish employer to pay a market wage rate and that housing is arranged.

Those participating in the plan will also have to have a knowledge of either Swedish or English.

The Swedish government insists that the idea behind the scheme is to assist the Baltic states with economic, cultural and social know-how and not to help resolve Swedish labour market demands. It is estimated that several hundred young people will benefit each year.

The original idea was floated by the prime minister Mr Ingvar Carlsson in March and discussions have been going on with the trade unions and employers on how it would operate in practice.

However, the Baltic state work plan comes at a sensitive moment with a hardening of popular attitudes in Sweden against foreign refugees, which has led to a number of arson attacks on refugee centres in the early summer.

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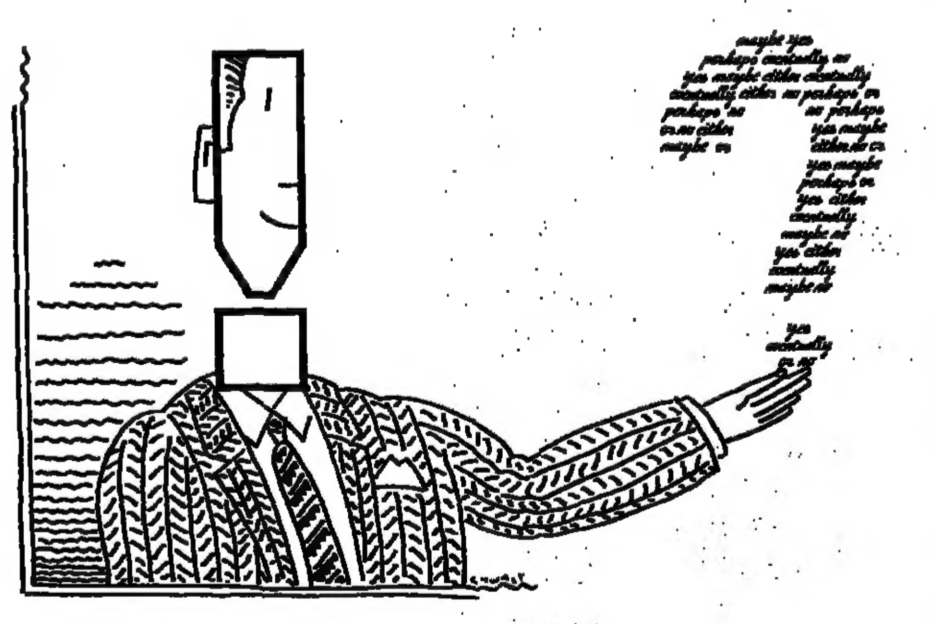

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SUN LIFE GLOBAL PORTFOLIO
Societe d' investissement a capital variable

Notice of Annual General meeting

Notice is hereby given that the Annual General Meeting of Shareholders of Sun Life Global Portfolio will be held at 14 Rue Aldringen, Luxembourg on 11th July 1990 at 15.30 p.m. specifically, but without limitation, for the following purposes:

1. To hear and accept:
   a) the management report of the Directors
   b) the report of the Independent Auditors
2. To approve the Statements of Assets and Liabilities and Statement of Operations for the year ended 31st March 1990.
3. To discharge the Directors and the Independent Auditors with respect to their performance of duties during the year ended 31st March 1990.
4. To elect the Directors, specifically Roland Frising, Ian G Sampson, David W H Smith and John D Webster, to serve until the next Annual General Meeting of Shareholders and to elect Mr William Reed as a successor of Mr Claude Anand who will resign with effect from 11th July 1990.
5. To elect the Independent Auditors, specifically KPMG Peat Marwick Inter-Revision, to serve until the next Annual General Meeting of Shareholders.
6. Other matters.

By Order of The Board of Directors

14, Rue Aldringen
Luxembourg
12th June 1990

Note:
Approval of the above items of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present. Each whole share is entitled to one vote. A shareholder may act at any meeting by proxy.

CBO
USD 210,000,000
Guaranteed Secured Floating Rate Notes due 2000

In accordance with the terms and conditions of the Guaranteed Secured Notes, notice is hereby given that for the 6 months period from June 29, 1990 to December 31, 1990, the Guaranteed Secured Notes will carry an interest of 8.8375% per annum (margin included).
The relevant interest payment date will be December 31, 1990 and the coupon amount per USD 100,000 Bearer Guaranteed Secured Note will be USD 4,438.72.

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GLOBAL GOVERNMENT PLUS FUND LIMITED
International Depositary Receipts
Issued by
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On June 22, Global Government Plus Fund has announced that it will pay USD 8.8292 for each common share validly tendered pursuant to the offer made by Global on May 7, 1990 to purchase up to 25% of its issued and outstanding common shares. The purchase price represents the net asset value per share of Global Government Plus Fund Limited as at June 19, 1990. Payment of the purchase price shall be made in accordance with the terms and will be subject to the conditions of the offer.

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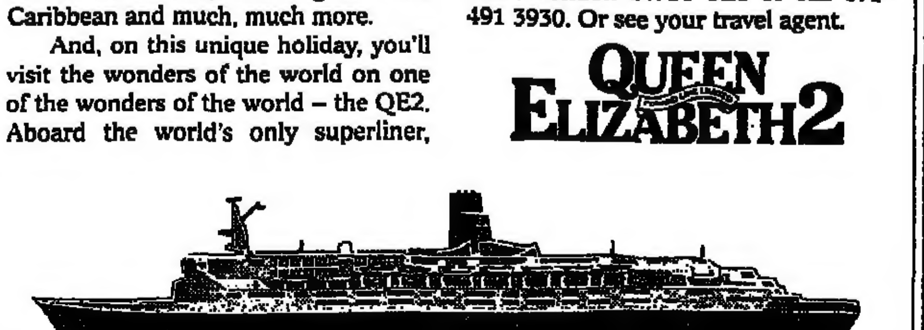
QUEEN ELIZABETH 2



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Venezuela completes debt talks with banks

By Stephen Fidler, Euromarkets Correspondent

VENEZUELA has finalised negotiations with its leading creditor banks on a debt reduction deal under the US Treasury's Brady initiative, and details of the agreement will be sent to 430 creditor banks tomorrow.

The deal, which includes more options than any so far negotiated under the Brady initiative, includes an option for banks to sell their loans for cash, to swap them into concessional bonds or to accept a lower interest rate for five years. Banks could also make new loans equivalent to 20 per cent of their existing exposure.

According to Venezuelan officials, the price on the cash buy-back will be between 41 and 45 cents on the dollar.

The leading creditor banks, led by Chase Manhattan, and the Venezuelans have been negotiating the details since they fixed an agreement in principle in March. Agreement from banks may take some time because of summer holidays in Europe.

Venezuela owes about $20.5bn to international banks.

California gives Bush rough ride over green plan

Louise Kehoe examines reaction on the West coast to the Administration's new environment initiative

President George Bush received his first taste of Californian-style environmental politics this week.

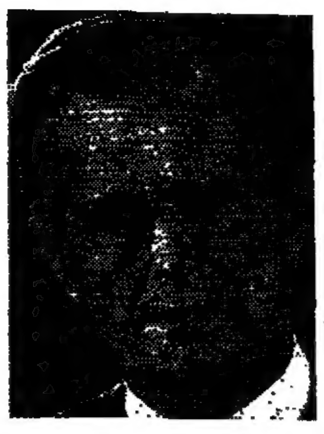
As the White House issued two long awaited decisions on highly charged issues affecting the West Coast environment, the President was assailed by critics from all sides.

Environmentalists denounced decisions on forest logging limits and offshore oil drilling, while the oil and lumber industries complained equally loudly that they had been let down.

As the birthplace of the environmental movement, California has some of the toughest pollution laws in the US. Issues ranging from water conservation to air pollution and especially offshore oil drilling loom large in state politics.

At risk in this week's decisions are both the President's popularity in one of the most populous states and the chances for election of Senator Pete Wilson as a Republican state governor.

On the sensitive issue of oil and gas drilling off the California coast, Bush came up with a compromise announcing a ten year delay of oil drilling off more than 90 percent of the California coast.



Bush: "My desire is to achieve a balance between the need to provide energy for the American people and the need to protect unique and sensitive coastal and marine environments."

"My desire is to achieve a balance between the need to provide energy for the American people and the need to protect unique and sensitive coastal and marine environments," Mr Bush said in a written statement.

"You ought to be happy," Mr Manuel Lujan, the Interior Secretary, told environmentalists, but they were not.

Leading environmental groups said that the President should have gone beyond a moratorium to declare a permanent ban on new drilling. They were also critical of provisions for a re-evaluation of the decision if energy "supply disruptions" occur, which they called a "huge loophole".

Even Senator Wilson, an opponent of drilling, gave the decision guarded praise. "If it's not perfect, it's an extraordinarily good result," he said.

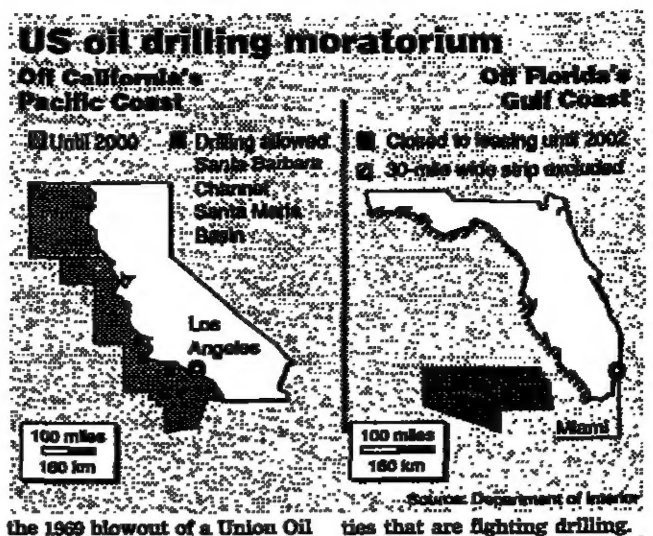
"I think that this signals a permanent moratorium because it's my expectation that in the decade that follows the decision, alternatives to drilling will be developed as part of the national energy inventory," he said optimistically.

The decision comes at a critical time for Senator Wilson, as he faces a close race for governor against former San Francisco Mayor Dianne Feinstein, a Democrat.

The oil industry, however, said that the President had "gone too far" and warned that the measures would increase US dependency upon foreign oil supplies.

"The industry feels that these decisions are harmful to our country and the economy," said the Western States Petroleum Association. "They will lead to decreased domestic production, more imports, more dependency on OPEC, more tanker traffic and the export of jobs and investment overseas."

Bitter disputes between the oil industry and California environmentalists date back to the 1969 blowout of a Union Oil offshore oil drilling platform that spilled 250,000 gallons of crude oil and fouled Santa Barbara beaches.



Source: Department of Interior

Ever since, there has been widespread opposition to offshore oil drilling. The Exxon Valdez spill in Alaska last year and the American Trader tanker spill off Huntington Beach, California, this February have added to the public outcry.

"Bush simply recognised that offshore drilling equals political suicide in California," said Warner Chabot, a lobbyist for six California coastal counties that are fighting drilling.

Finding safe middle ground proved equally difficult for the Administration in the case of the Northern Spotted Owl a rare species which has was inconveniently labeled as "threatened" with extinction by the Fish and Wildlife Service last week.

The owl unfortunately roosts in some of the richest timber forests of the Pacific Northwest and its listing requires that its habitat be protected.

To do so, however, would put thousands of loggers out of work.

On Tuesday, a partial plan that sets limits on logging in lands controlled by the Bureau of Land Management was introduced by Manuel Lujan, Secretary of the Interior and Clayton Yuetter, Secretary of Agriculture.

The Administration Secretaries said that they were seeking to "balance our responsibilities in preserving the owl and forests while protecting the economic lives of American men and women" in a statement similar to that issued the same day on oil drilling.

Environmentalists were enraged, however, by a call for legislation to provide the Administration with the ability to consider the economic and social impact of efforts to protect endangered species. They were also angered by the deferral of a larger decision on whether to limit logging in the more extensive National Forest areas of the Pacific Northwest region.

Timber industry groups meanwhile threatened to file suit to stop any restrictions and mounted angry demonstrations throughout the logging region over the past week.

For the self proclaimed "Environmental President" the economic costs and political risks of protecting the environment are just beginning to emerge.

Psychiatrist traded on information from couch

A PSYCHIATRIST pleaded guilty yesterday to charges that he had traded on confidential information about BankAmerica which he learned while treating Mrs Sanford Weill, the wife of the chairman of Primerica, the financial services conglomerate, according to the US attorney's office, Reuter reports from New York.

Dr Robert Willis, the psychiatrist, pleaded guilty to two counts of securities fraud. He faces a maximum penalty of 10 years in prison and $500,000 in fines.

According to court papers, Mr Weill, president of American Express in the mid-1980s, had told his wife that he was about to try to become the chief executive officer of BankAmerica. If he were successful, additional funds would be invested in BankAmerica by American Express's brokerage unit Shearson Loeb Rhodes, now Shearson Lehman Hutton.

The indictment said that, if Mr Weill had been successful, "there would have been substantial upheavals in the personal lives of the Weills." Because of this concern, Mrs Weill confided in her psychiatrist.

Latin Americans welcome Bush plan

LATIN American countries yesterday responded favourably to US President George Bush's initiative to forge a new, "broad-based" partnership, with the eventual aim of making the entire American hemisphere a free trade area, writes Robert Graham.

All the region's main newspapers gave the initiative front-page treatment. The most enthusiastic response came from President Fernando Collor of Brazil. His office said he "was happy with this positive response to efforts Latin American countries are making to achieve economic freedom."

Officials in Latin American capitals were yesterday awaiting details of the plan. Even so, it was being treated as a welcome signal from Washington, both as a continued effort to resolve the region's debt troubles and as a long-term commitment to restoring economic growth and expanding mutual trade.

The timing was considered significant, coming less than three weeks after the US and Mexico agreed to work towards a free trade area. This initiative had raised a fear among other Latin American countries that Mexico would be separated from the rest of the region.

One senior Latin American official in Washington commented: "With the US seeming to look exclusively to Mexico, the rest of Latin America risked being treated to a policy of benign neglect. The new Bush policy has thus given us considerable comfort because we hope that US-Mexican relations will merely be the model for the rest of us".

Brazil promises to be a significant beneficiary of this shift. Yesterday, Ms Zélia Cardoso de Mello, Economy Minister, welcomed the new initiative, "which reflects a new approach by the US government towards Latin America. It involves points that Brazil has been stressing for a long time, notably an increased flow of foreign investment to Latin America and a reduction of foreign debt."

She added: "Brazil is making a considerable effort to open its economy because it considers this the key to allowing our industrial sector to become efficient and competitive. We hope this effort will be understood by the world and new spaces be opened, as it seems they are being with the US initiative, enabling us to carry on our idea of integrating Brazil more with the international market."

Brazilian officials believe that, as the largest and most advanced country in Latin America, their economy is best placed to take advantage of a common market for the Americas. The Inter-American Development Bank is just completing a study on the new Brazilian economic policy and is expected to announce a $1bn loan this autumn for the social sector and the modernising of Brazilian industry.

Argentina is another important potential beneficiary. Mr Guido di Tella, Argentine ambassador in Washington, said the Bush initiative had opened "three very important avenues: debt, trade and investment. Now it is necessary to work to establish those three fronts."

Brazil payroll cut vetoed

By Christina Lamb in Rio de Janeiro

BRAZIL'S Supreme Court has vetoed the Government's attempts to reduce the pay of 34,000 civil servants. This is a further setback for President Fernando Collor's economic stabilisation programme.

The dismissal of civil servants, to cut administrative expenses and reduce the fiscal deficit, was a key component of the Collor plan to curb inflation.

With constitutional restrictions preventing the sacking of those with more than five years' service, most of those removed were to be kept on the federal payroll at reduced salaries.

The court has decided that this was unconstitutional, so the administration will have to go on paying full salaries.

The court's decision that a reduction in wages is unconstitutional suggests that it is likely to rule in favour of renewing the indexing of wages to inflation, which would be a further big blow to the Collor plan.

The main trade unions are asking for 166 per cent increases to compensate for inflation since February, claiming they have suffered pay cuts in real terms.

Justice Department to probe US airlines

THE US Justice Department said yesterday it was conducting a broad investigation into the airline industry's pricing practices for possible violations of antitrust laws, Reuter reports from Washington.

Mr Joseph Krovisky, spokesman for the department, said the probe into possible price fixing centred on the relationship between the big US airlines and Airline Tariff Publishing, the industry's clearing house for fares.

The department had sent civil investigative demands to the carriers asking for information about their ties to the clearing house. Delta Air Lines said it had received the request for information about 10 days ago. No other airlines were available for comment.

The investigation results from a previous probe, begun last September, into a fare rise announced by AMR Corp's American Airlines and quickly matched by the rest of the industry.

"That involved a specific price increase. This [investigation] involves pricing in general," Mr Krovisky said. He was unable to say whether it would lead to criminal charges.

Two weeks ago the department said it was investigating USAir Group for possible antitrust violations at its Pittsburgh hub.

That investigation concerns the ability of new entrants to serve the main Pittsburgh airport, where USAir and its USAir Express commuter airline carried 87.3 per cent of all passengers in 1989.

Ebullient Kaunda takes to city streets

By Mike Hall in Lusaka

PRESIDENT Kenneth Kaunda of Zambia walked through Lusaka's central business district yesterday, viewing damage and reassuring businessmen who were cleaning up and counting the cost of unprecedented looting during three days of unrest which has cost at least 23 lives.

Soldiers dressed in combat gear patrolled the streets as normality began to return to the capital. Traffic built up to usual levels as many residents returned to work.

Most were apprehensive, however, and pockets of unrest continued in outlying poor suburbs.

Mr Kaunda, who on Wednesday night told Zambians he would not repeal the food price increase which sparked the rioting, seemed calm and smiling, and joked with economic and political advisers who accompanied him.

At an impromptu news conference Mr Kaunda said he would announce today the date of a referendum called earlier this month to decide on whether Zambia should re-introduce multi-party politics.

Simultaneously, in George compound, a poor suburb three miles to the north, groups of residents stoned cars while security forces kept clear, trying to contain and not provoke violence.

Kenyan police hold journalists

By Julian Ozanne in Nairobi

KENYAN security police detained yesterday the managing director and three senior editors of the Standard newspaper, Kenya's second largest English-language daily, fuelling fears of growing government intolerance over press coverage of the multi-party debate.

The arrest of Mr Francis Githui, managing director, Mr Mitch Odero, acting editor-in-chief, and two other editors came a day after the Kenya Union of Journalists (KUJ) issued a strongly worded protest at recent police harassment of journalists.

Last week security men broke up a news conference given by lawyers critical of the government, threatening to arrest journalists and seizing notebooks and cameras. They temporarily detained the editor of the Daily Nation.

A reporter at the Standard said the detention of the four men was linked to the paper's coverage of police harassment of Mr Kenneth Matiba, Kenya's de facto opposition leader, and deaths said to have occurred earlier this month as residents of Muoroto, a Nairobi slum, fought with security men trying to demolish their homes.

Slovo endorses mixed economy

Mr Joe Slovo, South African Communist Party general secretary, said yesterday he wanted to see a mixed economy in a post-apartheid state, Reuter reports from Johannesburg.

"We are not opposed to the market... we are going to have a mixed economy," he said, seeking to dispel anxieties of white-owned business.

CIA says Chinese austerity drive hurt economy

By Lionel Barber in Washington

AUSTERITY measures imposed by the Chinese government in late 1988 have caused the country's worst economic slump in a decade, according to a US Central Intelligence Agency report which was published yesterday.

Growing unemployment and falling urban living standards are further undermining Peking's efforts to restore social calm, one year after the crushing of the pro-democracy movement, the CIA said.

In 1989, real gross national product grew by less than 4 per cent, about one third the rate registered in 1988, when the austerity programme was carried out. Weak growth hurt profits, increased state subsidies and expanded the government's budget deficit by about 40 per cent to a record \$8bn (£4.65bn).

The slowdown has recently prompted Peking to loosen credit, but with little immediate effect. Industrial production during the first five months of this year rose at less than a 2 per cent annual rate. "Fundamental indicators point to continued weakness in the economy," the report said.

Tightened central control over foreign trade has prevented a drawdown of foreign exchange reserves and led to a fall in the trade deficit last year by \$1.1bn to \$6.6bn. In the first four months of this year, China was running a trade surplus of \$1.3bn.

But the CIA analysts said it was unlikely that many senior officials wanted to return to the kind of command economy and isolationist policy which dominated China before 1979.

However, some want strict limits on the non-state sector and an increase for the party's role in enterprise management. If this occured, the report warned, China's modernisation was bound to falter.

The post-Tiananmen Square climate seems also to have led to a fall-off in foreign investment, which rose a mere 8 per cent compared to a rate of 30 per cent a year since 1980. Tourist arrivals and foreign exchange earnings from tourism also plummeted: losses over the last 12 months probably exceed \$1bn, the report said, while noting a recent spurt in visitors from Taiwan.

Canberra proposes reforms in way states are funded

By Bruce Jacques in Sydney

AUSTRALIA'S federal Government has proposed, at a conference of premiers held in Canberra yesterday, watershed changes to financial arrangements with the country's six states and two territories.

But, as is typical of these meetings, the states and territories have rejected the proposals. The parties were negotiating late last night on a compromise agreement, with the conference likely to drag into a second day.

The premiers' conference is held each year to determine the share of income and outlays between the federal and state governments. Under Australia's constitution the states remain sovereign entities and share taxing and expenditure powers with the federal Government.

Mr Bob Hawke, Prime Minister, and Mr Paul Keating, federal Treasurer, opened the conference by proposing an agreement for the 1990-91 fiscal year with two main planks; a promise to maintain general revenue grants to the states in real terms until 1993-94, and a plan to shift responsibility for state debts from the federal Government to individual states.

But the premiers, most of whom have publicly called for vastly increased federal grants, appeared last night to be using the debt proposal as a lever to obtain a better deal on finances. They claimed the offer represented a fall in real funding to the states.

Mr Keating's debt plan has wide implications for Australian capital markets. It aims to reduce the A\$15.8bn (£7.2bn) of federal debts incurred on the states' behalf, thus producing a corresponding reduction in the amount of federal securities on issue.

This would eventually increase the federal Government's budget surplus, which is believed to be well below the estimate of A\$9.1bn for the 12 months to June.

Under the federal offer, the states' and territories' global borrowing limits would rise by just 1.3 per cent in the coming financial year. Canberra has offered them a total of A\$27.83bn, including grants, loan council and special purpose funds. It claims this represents a 7 per cent rise on last year and a 1.5 per cent gain in real terms.

But the premiers, most of them of the ruling Labor Party, rejected the offer. Mr John Cain, Labor premier of Victoria, described the funding increases as a charade. Mr Wayne Goss of Queensland said the offer would force the states either to increase charges or to cut services. Ms Carmen Lawrence, of West Australian, said too much of the Federal funds was offered as tied grants, instead of letting the states decide how the money should be spent.

Iranian youngsters try on trousers from a pile of clothing donated through the Red Crescent, at a tent camp in the earthquake-shattered village of Kelishum in north-west Iran. Twelve hundred villagers were killed out of 3,000.

HK's feuding families in an aerial dogfight

Rivalry between the colony's tycoons centres on the small screen, writes John Elliott

A 23-year-old part heir to one of Hong Kong's biggest business family fortunes has emerged as a key figure in the long-running corporate rivalry between the colony's two top Chinese-born tycoons – Mr Li Ka-shing and Sir Yue-Kong Pao.

The latest battle between the two corporate elders involves the complex international jungle of rival, but potentially complementary, telecommunication technologies being introduced to Hong Kong.

On one side is satellite broadcasting, which Mr Li's Hutchison Whampoa wants to launch. On the other is a local cable television franchise which Hong Kong Cable Communications, a consortium led by Sir Y.K.'s Wharf Holdings, won last year. To do so he defeated strong competition from Hutchison.

Mr Richard Li, second son of Mr Li, returned six months ago from an investment banking job in Canada to his father's vast Cheung Kong and Hutchison Whampoa property-to-telecommunications group. He has executive influence as one of two managing directors in charge of a corporate fund management committee controlling the Li family empire's spare Hong Kong cash and potential investments. These include the satellite television project.

This week, sitting with top executives twice his age, he drew on his experience as a US-trained computer engineer to help present Hutchison's argument that it should be allowed to beam satellite television into Hong Kong, and the rest of Asia.

He warned in an interview this week that the headquarters of the US\$400m (£232.6m) proposed satellite television venture might not be built in Hong Kong – or that the venture might not go ahead at all - if the Hong Kong Government followed the wishes of Sir Y.K.'s cable television lobby and banned it from beaming into local satellite dishes.

"We are a Hong Kong company and we have told the people that we are committed to Hong Kong, but moving our planned headquarters elsewhere is one of the options if we are stopped," he said.

In other parts of the world, cable and satellite technologies have compromised and co-operated. But in Hong Kong the situation is complicated by the two veteran tycoon's decades of rivalry, sharpened by the failure of Mr Li's Hutchison group to win the cable television franchise.

Mr Li's decision to put Richard into the front line adds spice to the saga as Mr Peter Woo, the 45-year-old son-in-law of Sir Y.K. and chairman of Wharf, resigned from the chairmanship of the cable TV consortium six months ago when tensions developed with other partners, including US West.

Senior executives on both sides recognise that Richard Li's unexpected public appearance has raised the stakes; the young man will be determined to win in this, the first Hong Kong business test set by his father. No one in the Hutchison camp will want to be associated with upsetting that ambition.

Hong Kong Cable, in which Sir Y.K.'s Wharf Holdings has the largest single stake of 28 per cent, has developed a bumpy record since it won the cable TV franchise. It is six months or more behind schedule and has just hired Mr Christopher Derick, a US executive with considerable cable TV experience, as managing director to provide new drive and expertise.

Its immediate aim is to stop Hutchison's planned satellite broadcasting. Hong Kong Cable fears Hutchison will steal its potential customers with satellite dishes – known as satellite master antennae TV (SMATV) – placed on blocks of flats long before it has dug up the roads and laid its cable network.

Mr Derick says SMATV would negate government guarantees of an exclusive five-year monopoly made last year, on which it based a HK\$5.5bn (£405m) investment programme.

"The economics are such that if SMATV is established and they are allowed to put their dishes up willy nilly, I could not build a viable cable system," he says, implicitly threatening to pull out.

Hutchison is a one-third partner in Asiasat, a communications satellite launched in China early in April. The satellite has potential to reach about 2.5bn people, from Bahrain to Japan.

Hutchison has reserved 12 of the satellite's 24 communications transponders and is drawing up plans for television transmissions covering the entire area. This would break new ground for trans-national television broadcasting from a privately-owned satellite. But it is posing problems for governments in places like Hong Kong, which is preparing legislation liberalising satellite dish installation for single dwellings.

Hutchison claims it does not plan to operate a SMATV system, as almost all Hong Kong's 5.8m population live in flats, of which 85 per cent are already wired to single television aerials. No new cabling would be required, so Hong Kong Cable's monopoly rights would not be infringed by supplementing aerials with small 3ft dishes.

Mr Derick rejects the argument and says he wants the Government, which has stumbled blindly into the present impasse, to protect his promised monopoly by letting him control installation of all satellite dishes.

He says he would then be prepared to buy programmes from Hutchison, among other sources, and beam them via dishes through the existing flats' wiring and, later, through his own cable.

He rejects Richard Li's fears that he would stop dishes being installed, and is apparently willing to make this clear in a commercial deal.

That is where a possible compromise lies, although Richard Li is worried that any restrictions agreed or imposed on Hutchison's operations in Hong Kong – which he says only account for 7 per cent of satellite TV's potential advertising – would provide a restrictive precedent for other Asian target countries.

The Hong Government is standing on the sidelines, waiting for the two parties to get together before it drafts proposed legislation.

And the cognoscenti of Hong Kong are watching to see how the latest Li-Pao saga pans out, now that the son of one has moved into the foreground and the son-in-law of the other has withdrawn.

Delhi considers radical easing of investment curbs

By David Housego in New Delhi

A LEAKED document from the Prime Minister's office suggests that the Indian government is considering a far more radical programme of economic liberalisation than it has so far acknowledged.

A policy paper prepared by Mr Montek Ahluwalia, the economic adviser to Prime Minister V.P. Singh, argues that India should more actively encourage foreign investment by allowing foreign companies to hold 51 per cent equity in priority industries.

It suggests that India should speedily conclude some highly visible "good foreign investment" deals as a signal to attract more foreign equity capital.

The paper, apparently prepared at the request of the Prime Minister as a discussion document for limited circulation, calls for sharp reductions in tariffs on raw materials, capital goods and components to a level of around 30-40 per cent over the next five years to help Indian industry to reduce its domestic costs.

The paper seems to have been leaked to the press by opponents of further liberalisation within the ruling National Front coalition in an attempt to scuttle such moves. The strength of this lobby was reflected this week in remarks by Mr Chandra Shekar, a socialist challenger to Mr Singh within his own party, who declared that all countries which had opened their doors to multinationals "remained poor and politically became a dictatorship".

In the acrimonious debate now taking place on liberalisation within the government's ranks, a further effect of the leaking of the document could be to halt the possible transfer of Mr Ahluwalia to the key post of Secretary to Industry – the senior civil servant at the Ministry of Industry.

Mr Ahluwalia is a former employee of the World Bank who also held the post of economic adviser to former Prime Minister Rajiv Gandhi. He called in the paper for reducing subsidies, allowing large companies more freedom to expand and maintaining a competitive depreciation of the rupee.

On foreign investment, Mr Ahluwalia compared India's record of attracting an average of about \$200m of foreign equity capital a year with \$2.3bn to China and \$1.1bn to Thailand.

Amnesty to visit Kashmir

By David Housego

THE Indian government yesterday sought to stem criticism of its human rights record in Kashmir by announcing it would allow Amnesty International to visit the northern state.

Amnesty had been banned from going to Jammu and Kashmir about six months ago when the security forces launched a campaign against a separatist movement. Foreign reporters had also been banned for some weeks but are now allowed to travel in the Valley.

India has come under criticism for the brutality with which the security forces have carried out house-to-house searches, detained suspects and imposed curfew on towns and villages for long periods. The US administration in particular has urged the government to allow foreign human rights groups to visit Kashmir.

Yesterday's announcement coincided with an announcement from the Indian foreign office spokesman that talks between the foreign secretaries of India and Pakistan would be held in Islamabad from July 18 to 20. By giving access to Amnesty, India hopes to blunt Pakistan criticism of its repressive policies in Kashmir.

Shamir restates hardline stance in letter to Bush

By Judy Maltz in Jerusalem

MR Yitzhak Shamir, the Israeli Prime Minister, in a letter to President George Bush of the US, yesterday restated the Likud party's position and rejected key elements of the US-initiated peace proposal centring on Israeli-Palestinian talks.

Replying to a letter from the US president, in which he was asked to outline his new government's position on the peace process, the Israeli premier said Likud considered unacceptable any negotiations with any Palestinian delegation that included deportees from the Occupied Territories or residents of East Jerusalem – as proposed in US Secretary of State James Baker's peace initiative.

He said, however, that Israel remained committed to talks with Palestinians with a view to holding elections in the Occupied Territories.

Mr Shamir said he would continue to support Jewish settlement in the Occupied Territories. He reiterated, however, that the government had no intention of settling Soviet Jewish immigrants in the West Bank or Gaza Strip.

Israel has come under mounting pressure from both the US and the Soviet Union not to settle Soviet Jews in the Occupied Territories.

Israeli officials yesterday braced themselves for Washington's response to Mr Shamir's letter, expecting even further strains in relations between the two countries.

Mr Shamir chose to focus most of his remarks on what he regards as increased threats to Israel from the Arab world, referring to this as the "heart of the Middle East conflict".

● A showdown between Mr Shimon Peres, Israel's longstanding Labour Party leader, and his challenger, Mr Yitzhak Rabin, slated for yesterday, has been postponed until Sunday. The party's political bureau will then vote on whether to hold early elections for a new leader.

Antagonists search for ways to salvage Middle East dialogue

PLO offers hope of compromise

By Victor Mallet in Tunis

NEITHER the US Administration nor the Palestine Liberation Organisation wanted to break off dialogue; now they will find it difficult to begin again.

President George Bush's decision nine days ago to suspend direct talks – after an attempted raid on Israel by gunmen from an extremist PLO faction – has left the US, the PLO mainstream and its remaining western interlocutors wondering how to salvage a process which once promised to contribute much towards Middle East peace.

With US participation dependent on the PLO's renunciation of terrorism, Mr Bush – under pressure from Israel and pro-Israeli congressmen – says he cannot restart talks unless the PLO condemns the raid and begins to take steps to discipline Abul Abbas, the leader of the group which carried it out.

"For 18 months the Israelis tried to stop the dialogue and then Abul Abbas did it for them," said one western diplomat in Tunis.

The leader of the PLO, Mr Yassir Arafat, under pressure from Palestinian radicals who favour the armed struggle and reject his decision to recognise Israel, is baulking at another humiliating climbdown in words dictated by the US.

Mr Salah Khalaf, Mr Arafat's deputy in the mainstream Fatah movement, says: "Of course we didn't like the dialogue being suspended. But we have our own dignity and self-respect. If we could have agreed to accept these [American] conditions we would have agreed before."

Mr Khalaf, better known as Abu Iyad, made it clear, however, that there was still room for compromise. "At the same time, we are reviewing the Abul Abbas operation and when we have some conclusion we will declare it publicly."

Suspension of US-PLO talks is the latest in a series of setbacks for the Middle East peace process. Absence of dialogue could open the way for extremism.

There is little enough trust as it is, a problem which was highlighted by the confusion over last month's UN Security Council vote on a plan to send an investigative team to the Israeli-occupied territories.

The Arab states, already angry about the May 20 massacre of Palestinians by an apparently deranged Israeli, were outraged when the US vetoed the resolution.

The US is believed to have been caught off-guard by the vote, having been assured that Mr Arafat and his Arab colleagues had agreed to a postponement. The Arabs insist it was the US which backtracked.

"The Americans contacted us through the Egyptian ambassador in Geneva and told us they were prepared to approve the Security Council resolution, but they retreated," says Abu Iyad.

Until last week the US and PLO were able to discuss such differences directly. The Palestinians found themselves recognised as a negotiating partner in the peace process and were able to explain Mr Arafat's difficulties in controlling his disparate organisation; they appreciated the Bush Administration more than its predecessors.

For its part, the US could point to a decline in terrorism and was able to moderate PLO policy by articulating Israeli concerns.

Both sides agree that those gains are now threatened.

The mainstream PLO does not plan to return to terrorism or renounce its recognition of Israel. But it has asked for economic pressure on the US, turned towards a more sympathetic western Europe, and begun to favour the belligerent rhetoric of Iraq over the quiet diplomacy of Egypt.

"If the Americans are indeed committed to a peace settlement, they have no way but to start the dialogue with the PLO again," says Abu Iyad.

"The moderate voice is waning and the radical voice is rising."

The Tokyo and Washington balancing act

Robert Thomson analyses the agreement yesterday on the Structural Impediments Initiative

THE MANY hours spent yesterday attempting to get the words right for the final report of the Structural Impediments Initiative are a measure of the sensitivity of the ambitious exercise, and an indication that both Japan and the US have at least the intention to take their promises seriously.

SII has produced more detail than could have been expected from a brief that was ill-defined, and the negotiators from both countries deserve credit for forcing awkward issues to the surface in Japan, although the US side of the bargain still lacks detail.

The initial reason for SII, a $49bn (£28.5bn) bilateral trade surplus in Japan's favour, could undermine the standing of the report, particularly if the present weakness of the yen prompts a feared increase in the Japanese surplus and the US Congress focuses on the figure and not on the longer-term goals of SII.

In Japan, if public opinion polls are taken as a guide, a clear majority of Japanese believed that the government should adopt at least some of Washington's requests to improve infrastructure, untangle the distribution system, and monitor the role of corporate groupings.

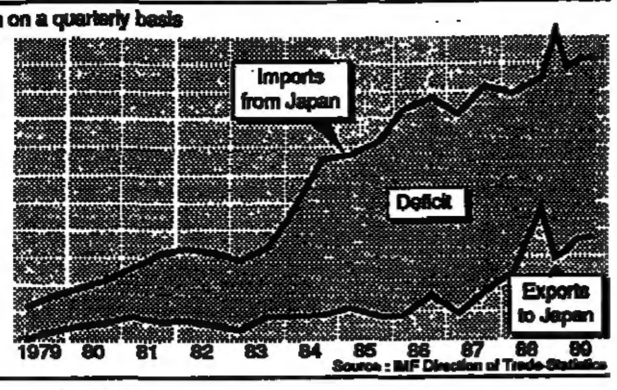
As the delay in the talks this week has shown, the most difficult demand for the government to accept has been to make public investment a set percentage of gross national product, preferably increasing the level to 10 per cent from the original offer of 6.3 per cent. A second serious point of discontent was the format of follow-up talks.

The issues were settled after a telephone call from President George Bush to Mr Toshiki Kaifu, Japan's Prime Minister, who has been put under personal pressure from the US Administration since a weekend in Palm Springs with the president last March, when SII was embarrassingly behind a schedule set last September.

Mr Bush has put much effort into cultivating a personal relationship with Mr Kaifu, who comes from a weak faction within the ruling Liberal Democratic Party and who has had his standing in Japan enhanced by the president's willingness to deal with him directly.

Agreement on the public investment issue was reached when Mr Kaifu agreed to increase planned spending over the next decade by Y15,000bn (£56.6bn) to Y430,000bn, and made clear there would be another Y25,000bn by the recently privatised Nippon Telegraph and Telephone (NTT) and Japan Railways.

US trade with Japan



Source: IMF Direction of Trade Statistics

The US has argued that reducing the gap between domestic saving and investment is important for a reduction in Japan's current account surplus, which was $70.18bn in the financial year to end March, down $25bn from 1988.

"The appropriate way to close the gap is not by reducing Japanese savings but through increased investment. Japan has also an acknowledged need for a substantial increase in public infrastructure investment to improve the quality of life," according to an official summary of the final report.

Japanese officials indicated that the report was delayed because of debate over the follow-up procedure. The US wanted to establish an institution able to raise and resolve new "structural" problems, while Japan wanted a committee to review only the issues already raised.

The compromise is to convene meetings which will "review progress" and "discuss matters relevant to problem areas already identified in the SII", which appears to give the US significant freedom in raising new disputes, as long as they can be linked to the areas already under discussion.

On the question of high land prices, which the US said hindered new business entrants and improved existing businesses' ability to borrow, Japan has agreed to identify idle or under-utilised land, deregulate zoning limits on building heights, and reform the land tax system.

And on the controversial distribution system, Japan has agreed to reduce the approval period for new large retail stores from 18 months to 12 months and "to increase the transparency of the approval process with the emphasis on concerns of consumers rather than competitors".

Processing of new patents will be reduced from an average of 37 months to 24 months over the next five years, and the Japanese government has agreed to study the corporate groupings or "keiretsu" and provide more information on transactions within the groups, which the US says restrict opportunities for foreign companies.

Compared to these detailed reforms, the US commitments are vague and more an expression of good intention than fundamental policy changes. The US Administration has promised to reduce the budget, remedy the savings and loan industry problem, improve the education system, and stimulate private savings.

There is also a pledge to release a statement soon "reaffirming a strong commitment to open and non-discriminatory direct investment", and the Treasury Department will "continue to make clear to Congress its opposition to pending legislation which would tax certain foreign shareholders on capital gains from the sale of stock in US corporations".

During the talks, Japan has complained about US slowness to adopt the metric system, and so the US will "develop a timetable" for metrification.

Siemens in Polish telephones venture

WEST German electronics group Siemens is to form a joint venture to make digital public telephone switching systems in Poland, AP-DJ reports from Frankfurt.

The venture, with ZWUT, Poland's largest manufacturer of electronics and public telephone networks, will make Siemens advanced EWSD public telecommunications switching systems. Starting next spring, it expects to produce 1m line connections a year to the system.

Siemens said it would own 49 per cent of the venture, which would need about DM50m (£17.3m) of investment.

The Polish accord is the third that Siemens has with east bloc countries. The others are with Czechoslovakia and the Soviet Union.

● Thyssen Handelsunion, a subsidiary of steel and engineering group Thyssen, is to form a joint venture with East Germany's VEB-Metallurgiehandel, Reuter reports from Düsseldorf.

The venture will be 50 per cent owned by each partner, with an ordinary share capital of DM20m. Thyssen has an option to acquire 74 per cent.

The enterprise will market materials, such as steel, tubes and plastics, to industry and tradesmen.

It has warehouses throughout East Germany and a workforce of 1,500.

● West German bank Bayerische Vereinsbank said operations at its 16 branches in East Germany would start on July 1, when monetary union between the two Germanys starts, Reuter reports from Munich.

● French car maker Peugeot is in advanced discussions over establishing a factory in Gorki, the Soviet Union, that would *make top-of-the-range* cars, a Peugeot spokesman said, Reuter reports from Paris.

It received a Soviet delegation in early February which showed particular interest in its Peugeot 605 model, he said.

Mr Jacques Calvet Peugeot chairman Jacques Calvet has also made contact with Czechoslovsakia's Skoda and is in *talks over the development* of a Peugeot and Citroen distribution network in East Germany, he said.

● The joint venture between Rodman & Renshaw and an Austrian bank should result in eastern and central Europe using US futures exchanges to buy and sell agriculture and energy commodities, Rodman Chairman Mr Kurt B. Karmin said Reuters reports from Chicago.

After a press conference announcing the joint venture with Creditanstalt-Bankverein of Vienna, Austria, Mr Karmin said the establishment of brokerage offices in eastern and central Europe may lead to more business for American futures exchanges. "To begin with it will represent only a small percent of (Rodman's) domestic business," he said, however.

South Korean company in Chilean mine project

By John Ridding in Seoul

LUCKY GOLDSTAR, one of South Korea's largest conglomerates, is to participate in the development of a copper mine in Chile, in the first direct investment in the country by a South Korean company.

Lucky Goldstar said yesterday that it had signed a joint venture agreement with Midland Bank of the UK to acquire half of Midland's 80 per cent stake in the Los Pelambres copper mine. Lucky Goldstar is to pay $30m for its stake. The remaining 20 per cent of the shares are held by Antofagasta of Chile.

Under the terms of the agreement, Lucky Goldstar will have sales rights to 80 per cent of the copper produced at the *mine. Copper production will* start in 1992 with annual capacity estimated at 20,000 tons.

According to a company spokesman, Lucky Goldstar intends to ship all of the copper to Korea and supply it to Lucky Metals, one of the group's subsidiaries. The spokesman said that the deal will ensure a stable supply of copper and is consistent with its strategy of securing a constant supply source of important raw materials.

Currently, Korea depends on foreign companies for all of its supplies of copper. Financing for the project was arranged by Midland Bank using its exposure to Chile through a debt for equity swap. A spokesman for Midland said that "the deal allows us to recover a substantial amount of our exposure to Chile by virtue of hard currency which will be paid by Lucky Goldstar for its participation at almost face value."

The entire cost of the project involves $62m in face value debt.

NZ seeks greater access to Korean beef market

By Dai Hayward in Wellington

PROBLEMS over access of New Zealand beef to the Republic of Korea are being aired in Seoul this week in a meeting between New Zealand government officials and officials of the Korean government and meat industry.

New Zealand is concerned because, although the Korean beef market was recently opened, its exporters are having difficulties winning substantial orders. Korea works on a tender system with the Korean Livestock Products Marketing Organisation, accepting bids and acting as an intermediary.

Australia has so far been the most successful supplier of beef followed by the US, Canada and New Zealand.

Korea has signed beef access agreements with the US and Australia. New Zealand exporters believe they should be supplying larger quantites and the meeting will endeavour to resolve marketing problems.

Commerzbank wins judicial review on tax

COMMERZBANK of West Germany was yesterday given leave to seek a judicial review in the High Court in London of a refusal by the Inland Revenue to reimburse £5m in respect of interest on overpayment of corporation tax.

Mr Stephen Oliver QC, for Commerzbank, said the case would affect a very large number of overseas taxpayers who are trading in the UK through a branch and have overpaid their taxes."

He described the Inland Revenue's actions as "a hindrance to the bank's freedom to establish a branch in the UK," and indicated that the case might eventually go to the European Court of Justice.

The case concerns concerned the bank's entitlement to receive "repayment supplement" – a sum equivalent to interest which becomes payable when there has been overpayment of tax.

Commerzbank will argue that it is entitled to a payment from the Inland Revenue of £5,199,258, calculated as at February 9 this year, according to the Finance (No 2) Act 1975 read in conjunction with the Taxes Management Act 1970.

Trading through its London branch, Commerzbank made loans to corporations in the US, where it was liable to pay tax on the interest received.

The same interest, subject to the provisions of the Double Taxation Convention between the UK and US, was included in the computation of the bank's chargeable profits for UK corporation tax between 1973-76.

The bank fought a long-running court battle over this decision and won. In February the Inland Revenue paid back the disputed tax, but refused to pay a supplement under the Finance (No 2) Act 1975, arguing that the bank was not resident in the UK in the relevant accounting periods.

Mr Oliver said the residence requirement in section 48 was inconsistent with Article 20 of the Double Taxation Treaty between the UK and the Federal Republic of Germany, and with the 1972 European Communities Act and the Treaty of Rome.

Government challenges exact value of BAe 'sweeteners' set out by Brussels

London accepts ruling on Rover

By Ralph Atkins

MR NICHOLAS Ridley, Trade and Industry secretary, yesterday accepted – with qualifications – Government responsibility for the illegal state subsidies given to British Aerospace when it brought the Rover car group in 1988.

But in his statement to the Commons, Mr Ridley left the onus on BAe to decide its response to the European Commission's ruling that £44.4m of Government concessions be repaid. He challenged the Commission calculations, hinting that a sum £11.4m lower would be more appropriate.

With the row surrounding the sale reaching fresh peaks, Mr Ridley said the Government accepted the Commission's decision "in order to demonstrate our support for Community policy on state aids".

He faced accusations, however, that the Government had deceived Parliament by not making public details of the "sweeteners" offered to BAe. And he angered Labour by refusing to detail legal advice offered to the Prime Minister and Lord Young, the then trade and industry secretary.

Earlier, Mrs Margaret Thatcher side-stepped questions from Mr Neil Kinnock, Labour leader, on whether she knew of the illegal sweeteners.

At Prime Minister's questions she referred to an answer given in December, saying: "I was kept aware throughout of the progress of negotiations with BAe and the basic terms and conditions of the agreement reached."

Mr Ridley's said that at the time the Government believed the "additional concessions" given to BAE "were a necessary part of our agreement so that the privatisation of Rover Group could proceed".

His qualification was that the European Commission had calculated the benefit to the purchaser of deferring the £150m payment at £33.4m. That, he said, was estimated as the gross interest saving to the company.

"Fairness suggests that any such benefit and therefore any repayment should be assessed net of tax, thus reflecting the true value of the deferment to the company. We estimate that the equivalent post-tax benefit benefit would be some £22m, a difference of £11.4m."

Privately, Mr Ridley's colleagues said the Commission's decision "smacked of a political deal" in which the penalty was deliberately more than justified. Mr Ridley referred to newspaper rumours of a political decision, and argued that repaid state aid should be "precisely calculated".

In addition to the benefit of defering payment, the Rover deal also included a grant of £1.5m towards the car group's costs incurred in the acquisition and a £9.5m contribution to BAe's costs. The European Commission ordered both to be repaid.

But Mr Ridley emphasised the Commission's finding that the £150m sale price represented a "reasonable purchase price for the company".

Thatcher retreats from new laws on tax

By Philip Stephens, Political Editor

THE GOVERNMENT appears set to retreat from plans to take sweeping new legislative powers as a way of holding down controversial new local tax bills next year.

Mrs Margaret Thatcher, the Prime Minister, had favoured curbing local authority spending by limiting, or "capping", budgets for local services in England and Wales.

But senior ministers reviewing the poll tax, or community charge, believe that Mrs Thatcher has been persuaded that legislation to impose "universal capping" on council budgets would be unworkable and politically damaging.

The poll tax, a per capita local tax to finance public services, has damaged the Government's popularity during its first year of operation and resulted in sporadic street demonstrations and a riot in central London.

The Cabinet Committee conducting the review of the tax appears resigned to increasing the Government's grant to local authorities by at least £2bn and to providing additional "transitional relief", or cash refunds, for people worst affected by the switch from domestic rates.

No final decisions on the shape of the adjustments have been taken, although the package is to be unveiled during the third week of July. Ministers have concluded, however, that it will be impossible to introduce radical changes.

There remains a possibility that Mrs Thatcher will insist that the Government's existing charge-capping powers are extended to include smaller councils with budgets of less than £15m.

Whitehall officials, however, expect the final package to include only relatively minor legislation to tackle anomalies relating to second homes and caravans, alongside the increased grants and improvements to the rebates system.

Mrs Thatcher has pressed strongly for a new bill to give the Government draconian powers to set local authority spending, but her stance has been opposed by a clear majority of ministers on the committee.

The objections raised by Mr Chris Patten, the Environment Secretary, have been supported by Mr Nicholas Ridley, the Trade and Industry Secretary, Mr Malcolm Rifkind, the Scottish Secretary, and Mr Timothy Renton, the Chief Whip.

Mr John Major, the Chancellor of the Exchequer, is also said to be unconvinced that the legislation would work.

The size of the additional grant that Mr Patten secures for local authorities will be crucial in determining whether the package succeeds in steadying the nerves of the many Tory MPs who believe that the poll tax could severely damage their hopes of re-election.

GUINNESS TRIAL

Jury told of Swiss funds shares purchase

By Raymond Hughes, Law Courts Correspondent

MR ERNEST SAUNDERS was cross-examined yesterday about the circumstances in which 75,000 Guinness shares were bought with Swiss funds belonging to him and his wife during Guinness's takeover bid for Distillers in 1986.

The former Guinness chairman and chief executive repeatedly denied that he had had anything to do with, or had known about, the purchase.

He said Sir Jack Lyons, the millionaire financier, had asked him if he had any funds in Switzerland he would like managed and he had arranged for SFr500,000 ($357,000) to be put at Sir Jack's disposal for discretionary investment.

He described as "a blatant lie" Sir Jack's evidence to Department of Trade and Industry inspectors who investigated Guinness that Mr Saunders had bought the shares.

Mr Saunders was giving evidence for the twelfth day in the trial in which he, Sir Jack, Mr Gerald Ronson, chairman of the Heron group, and Mr Anthony Parnes, a City stockbroker, deny charges arising from an allegedly unlawful share support operation mounted by Guinness during the Distillers bid.

The 75,000 shares do not figure in any of the charges.

Mr Saunders said Mr Robert Heuberger, a Swiss property manager, had held the SwF500,000, the proceeds of sale of a Saunders family house. On December 6, 1985, after Sir Jack had named Pictet et Cie, a Geneva bank, as the place to which funds he was to manage should be sent, Mr Saunders instructed Mr Heuberger to transfer the money to Pictet.

Mr John Chadwick, QC, prosecuting, said that on February 10, 1986, 75,000 Guinness shares had been purchased and the Pictet account debited with SwF588,251. The settlement date had been March 3 – the day SwF500,000 had been credited to the account.

Had it been just coincidence that Mr Heuberger decided to transfer the funds so that they were available to meet the share purchase? Mr Chadwick asked.

Mr Saunders said he had not discussed the transfer date with Mr Heuberger.

Mr Chadwick said Mr Saunders had told Mr Heuberger to transfer the money on December 6, "so either it is a total coincidence that he does nothing about your instructions until the end of February, and then happens to transfer it to be available on March 3, which was when it was needed, or somebody rang up in the meantime and said 'I am going to need that money on March 3'."

Mr Saunders: "Are you going to put a straight allegation to me ?"

Mr Chadwick: "I want you to tell us if you can give any explanation as to why that money goes in on March 3 – other than that somebody must have told Mr Heuberger to move it on March 3."

Mr Saunders: "What I am not going to let you do is make an insinuation - i.e. me giving Mr Heuberger an instruction so that the money would arrive precisely to meet this transaction, because that is simply not true."

Mr Chadwick said Sir Jack said he had done nothing with a power of attorney Mr Saunders had signed giving Sir Jack authority to manage his funds.

"If that is right he did not buy the Guinness shares, and if he did not there is noone who could have done except you, is there?"

Mr Saunders repeated that he had had nothing to do with the purchase "and if anybody is claiming that I did then they are lying."

The trial continues today.

BRITAIN IN BRIEF

French lead cross-border purchasing

French companies were the most active cross-border acquirers in Europe during the first quarter of 1990, followed by Swedish-based groups. UK companies fell into third place.

According to Translink's European Deal Review, aggregate cross-border deal values reached 11.6bn ecu during the three month period. This compares with an overall expenditure of 45bn ecu during the whole of 1989.

Expenditure by French companies accounted for 37.4 per cent of first quarter figure, while Swedish companies spent 3.33bn ecu or 28.7 per cent of the total. Expenditure by UK companies on cross-border transactions in Europe was much more modest – only 1.48bn ecu, according to Translink, or 12.8 per cent of the aggregate sum.

In terms of target nations, the first three rankings – somewhat surprisingly – are also France, Sweden, and then the UK. In the first quarter of the current year, France received just over 30 per cent of the expenditure, while spending on Swedish and UK targets amounted to 2.39bn ecu and 2.35bn ecu respectively, about one-fifth of the total in each case.

This is in marked contrast to the overall position during 1989, when the UK was by far the most popular "target nation". Last year, it received almost half the cross-border acquisition expenditure within Europe.

Pay out for Exxon Valdez

UK reinsurance underwriters will today pay $344.5m, one of the largest single pay-outs ever in the London insurance market, in settlement of the cost of cleaning up the pollution caused by the oil tanker Exxon Valdez when it ran aground in Alaska last year.

The Exxon Valdez had insurance protection for pollution damage up to $400m through its Protection and Indemnity Club which in turn was heavily reinsured in the London market through the Institute of London Underwriters and Lloyd's of London, the insurance market.

UK reinsurers will pay a total of $388m of which $43.5m has already been paid. The ILU said that the introduction of new technology now meant that the claim details could be processed and the claim paid much faster than in the past.

New demands on power

Electricity generating capacity will have to expand by about a quarter during the 1990s in order to meet growth in electricity demand, a report published today (FRI) by Kleinwort Benson predicts.

Kleinwort Benson are brokers to PowerGen, Manweb and Yorkshire Electricity, three of the companies heading for privatisation. It is also the Department of Energy's merchant bank, although its report has not been endorsed by any of these.

The report predicts a need for 14,000 megawatts of new power stations by the end of the century. This is based on a forecast in the growth of maximum electricity demand of 1.5 per cent a year, considerably more than some other recent forecasts.

Kleinwort Benson believes that National Power and PowerGen will provide 4,000 MW of this new capacity, with a further 3,000 MW coming from area electricity companies and independent generators.

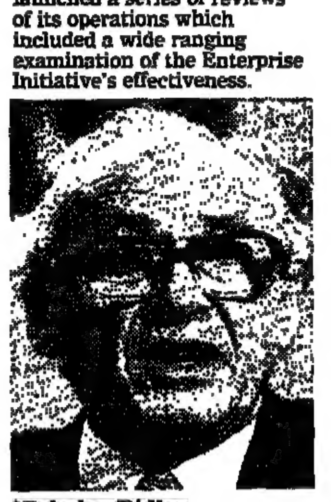
Ridley extends grants scheme

The Government has decided to extend the life of the Enterprise Initiative for a further three years, quashing speculation that the scheme was to be scrapped.

Mr Nicholas Ridley, the Trade and Industry secretary has decided to extend the scheme, which provides companies with grants to offset the cost of business consultancies on a wide range of issues, until 1994.

The scheme was launched two years by Lord Young of Graffham, Mr Ridley's predecessor as the centrepiece of his reforms at the Department of Trade and Industry. It was guaranteed funding until 1991.

When Mr Ridley took over at the DTI last year he launched a series of reviews of its operations which included a wide ranging examination of the Enterprise Initiative's effectiveness.



Nicholas Ridley

Shortage of diplomats

The Foreign and Commonwealth Office is suffering from serious staff shortages which is affecting the efficiency with which the Diplomatic Service is carrying out its work, a report by the Commons Foreign Affairs Committee said yesterday.

The Committee emphasised that the problem could not be properly tackled without special arrangements to boost recruitment including, notably, a review of salary scales.

By the end of 1989, the shortfall between staff in post and provision had grown to 190, while resignations from the Diplomatic Service continued to increase.

Rifkind orders steel inquiry

Mr Malcolm Rifkind, Scottish Secretary, yesterday ordered an investigation into the Scottish steel industry, after declaring that information provided by British Steel on its plan to close the Ravenscraig mill next year was not sufficient for him to justify the closure.

His carefully-worded statement, agreed beforehand with the Department of Trade and Industry, followed the publication of a letter from Sir Robert Scholey, British Steel's chairman setting out the company's case for the closure, which was announced in May.

Mr Rifkind said: "It is not possible for us to say that British Steel have demonstrated that their proposal to close the hot strip mill is justified."

Preparing for pollution on English beaches

Government warned by Brussels of court action over beaches

The British Government has been warned by the European Commission that it may be taken to the European Court because 130 of the beaches in England and Wales fail to comply with health and cleanliness standards in the EC bathing waters directive.

But yesterday Mr David Trippier, Environment Minister, wrote to Mr Carlo Ripa di Meana, EC Environment Commissioner, protesting that "this is clearly a silly way to proceed."

Mr Trippier said the accusation is based on out of date statistics which were supplied to the Commission by the Department of Environment and that Britain had not been given an opportunity to put its case.

However, it is understood that Mr Ripa di Meana is not satisfied with the £3bn programme by Britain's privatised water industry to bring all beaches into compliance with EC standards. Britain's case could be set back by pollution accident such as the last month's oil spillage when warning signs were posted on beaches in the south west England (pictured above) after 15 miles of coastline were polluted.

The Commission intends to take firm steps with member countries which are in breach of the directive. The UK water industry is spending £1.4b on improving bathing waters, mainly through the construction of long outfalls which discharge sewage miles out at sea.

Eagle Trust man arrested

The former chairman of mini-conglomerate Eagle Trust, Mr John Ferriday, was last night charged alongside Mr Richard Smith, a former director, with the theft of £13.5m from the company.

Mr Ferriday, whose whereabouts have been a mystery since last August, arrived at 6.00 in the morning on a flight from Texas. He had notified West Midlands Police in advance of his arrival.

A warrant was issued for Mr Ferriday's arrest in February in connection with the alleged theft. Since then, he has reportedly been seen in the US and the Irish Republic.

In a newspaper interview last year, Mr Ferriday is reported to have said that the £13.5m was used to support an Eagle rights issue. Mr Ferriday was driven to Halesowen police station in the West Midlands where he was questioned last night.

Heliport plan rejected

The City Corporation's Court of Common Council yesterday rejected a planning application to construct a heliport at Cannon Street Station next to the Thames. The Court voted 73 to 39 against the project after a two hour debate arguing that the problem of noise and safety outweighed any benefits offered by the scheme.

The matter has been called in by the Secretary of State for the Environment and a public enquiry will take place later this year.

Brooke runs into difficulty

Delicate manoeuvres by Mr Peter Brooke, the Northern Ireland Secretary, of State, aimed at bringing Northern Ireland's constitutional political parties to the negotiating table seem to have run into difficulties.

It appears that the main sticking point is the role of the Government of the Irish Republic in such talks. Mr Brooke has indicated that Unionists want "substantial progress" to be made towards reaching an internal settlement between the parties in Northern Ireland before Dublin is given a place at the negotiating table.

FT's Paris man wins award

Mr Ian Davidson, the Paris Correspondent of the Financial Times, has been awarded the 1990 David Watt memorial prize for writers who specialise in international issues.

Mr Davidson was awarded the £2,000 prize for an article published in the FT on December 28 last year in which he discussed the problems and prospects resulting from the toppling of Communist regimes in Eastern Europe.

Mr Davidson, who joined the FT in 1960, was the paper's correspondent in Brussels and Paris in the 1960s and was appointed European Editor in 1968. He became Foreign Editor in 1976 before returning to Paris as the FT's Paris

Shadow of religious war falls across Japan's vision of Ulster

Jimmy Burns reports on the British Government's latest bid to encourage new overseas investment in the troubled province

A GROUP of Japanese businessmen gathered at London's exclusive Carlton Club at the end of last year for a meeting with two government ministers to discuss an unlikely area for new investment: Northern Ireland.

Mr Peter Brooke, secretary of state for the province, and his junior minister Mr Richard Needham met the group for dinner in the Disraeli Room, where the Japanese were offered an organised trip to Northern Ireland as a way of encouraging greater investment in the region.

The trip came off, but the task remains formidable. The reactions of the Japanese on their first visit to Northern Ireland underlines the difficulties.

It is a task made no easier by the fact that two days after the Japanese flew home a bomb, planted by the Irish Republican Army, wrecked the Carlton Club: a symbol of London's established ruling class.

Back in the early 1970s the first wave of Japanese investment in the UK coincided with another round of the "Troubles" – the sectarian violence which has scarred parts of Northern Ireland.

The Japanese invested in Wales, in Scotland, and in the Republic of Ireland. But their presence in Northern Ireland has been limited.

Some Japanese investment has begun to be channeled into Norther Ireland in the last five years. But of the 150 Japanese manufacturing companies operating in the UK only four are in the province, employing a total of 2,500 workers.

Mr Yoichi Abe, general manager of the Sumitomo Bank in London who led the Japanese mission to Northern Ireland, says: "Our biggest concern is security.

"In Japan our executives look at TV and see bombings. My wife is worried that I'm on this trip. We can't understand this religious war."

Briefing notes supplied by the Industrial Development Board (IDB) set out to change their views with a package of information ranging from the number of championship golf courses on offer to the availability of government-backed financial incentives and large numbers of young, skilled and semi-skilled workers who rarely strike.

Northern Ireland has 30 per cent unemployment rate and – in contrast to the mainland – an increasing number of school leavers and university graduates entering the labour market.

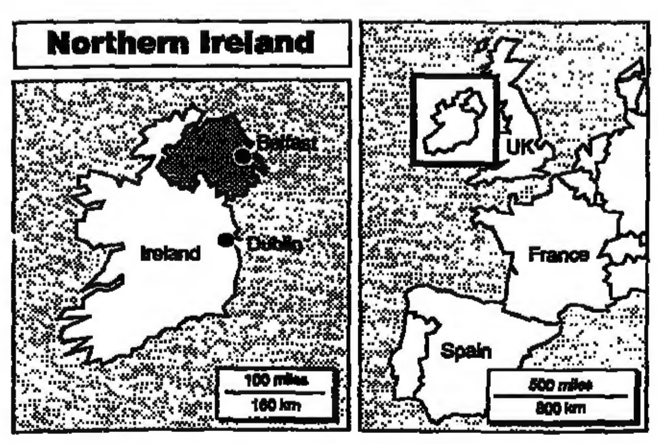
Mr Tim McNeill, IDB's Director Asia Pacific, says: "It's not many years ago that Iceland and Ireland were confused with each other."

He adds: "They want to feel welcome, they want people who are committed to their work, they want a healthy lifestyle, and yes, they want to feel safe."

Even before they set foot in Northern Ireland, the Japanese come face to face with one of Northern Ireland's sectarian politicians.

The Rev Ian Paisley, the outspoken Ulster unionist MP, is on the same British Airways flight, where he shows he can be conciliatory on at least one matter – Japanese investment.

"We have an excellent workforce which can accommodate all types of investment, especially in high technology industries," he says. "The Japanese would be more than welcome. We haven't got any racial problems of any kind in Northern Ireland."



Mr Abe and more than a dozen Japanese bankers and businessmen leave Belfast's international airport by bus and head away from the city across rolling green hills.

At the Antrim Technology Park, 10 miles away, Sir Eric McDowell, the IDB's chairman, tells his guests: "We believe there is an air of business exhilaration and excitement about Northern Ireland."

The Japanese are bussed north from Belfast to Larne, the port town where a ceramic capacitor plant formerly owned by AVX of the US, now forms part of the European manufacturing base for Kyocera, the leading Japanese ceramics and electronics group.

The plant's manufacturing manager, Mr Douglas Getty is proud of its achievements: flexible working practices, low absenteeism, extensive automation, quality circles, and a single-union no-strike environment.

Mr Masayoshi Matsumoto, managing director of Sumitomo Electric Europe, asks if there are any Japanese working there. Mr Getty says that Kyocera's Northern Ireland operation is run by local people. "We have very able and competent managers." But some Japanese managers may be brought in, he added, if a new product system is introduced.

As for security, Mr Getty insists that the plant has had "absolutely no problems."

At the European Components Corporation (majority owned by Takata Corporation) plant in Dundonald, near Belfast, Mr Jim McCluskey, the Scottish-born managing director, warns the executives: "Any British company that doesn't change its working practices is not going to survive . . . the Japanese have given us focus."

Mr Kotaro Kitai, one of two Japanese supervisors working at the plant, admits however that the challenge of a society ruled by tribal loyalties with a Japanese sense of corporate culture is not easy.

Mr Kitai describes the local people as "hardworking and friendly" but their organisation is not quite what it should be. "There are too many people employed and not enough involvement. There needs to be more quality control, greater rationalisation..."

Mr McCluskey plans to send groups of local manual workers to Japan to learn about work organisation there and "take away the fear." But he insists that it is unrealistic to believe that a work culture based on "total obedience and total loyalty to the company" will ever materialise in Northern Ireland.

The day ends with a selective tour of Belfast with Mr Richard Needham, Northern Ireland's minister for the economy: "You can have a quiet time here although we still have the occasional terrorist threat."

A security car drives at a discreet distance in front of the bus. Sectarian areas such as the Falls Road and the Shankill are avoided.

At a new shopping centre in the city the Japanese visitors are told of the low cost of construction and retail rental costs in Northern Ireland.

"This is very cheap . . . London very expensive," says Mr Fujio Yoshida, a director with Kajima, the Japanese construction contractor.

But others say they are unused to the sight of armed Royal Ulster Constabulary Officers and armoured vehicles patrolling the streets.

Mr Needham tries to clarify the complexity of the upheavals in Ulster by comparing the situation to relations between the Japanese and the neighbouring Koreans.

Few of the Japanese appear to understand the comparison. "I would like to just correct the minister on one point: our civil war was 100 years ago, " says Mr Yoki Okabe, senior managing director of the Sukimo Bank in London.

MANAGEMENT

Developing eastern markets

Why ICI is reappraising its logistics

The chemicals group is approaching opportunities emerging in the Soviet Union with caution, reports **Charles Leadbeater**

You will not find many chairmen of international companies with a turnover of more than £13bn touring a small, dishevelled chemical plant at 8am on a Saturday morning.

But earlier this month Sir Denys Henderson, the chairman of ICI, the large UK chemicals group, was sampling the delights of the Polimer plant, set amidst the tower blocks in Kiev's sprawling suburbs.

After a swift survey of the plant, which is one of ICI's leading Ukrainian customers and a discussion with its energetic director, the Soviet managers offered their British counterparts traditional hospitality. As the clock struck 9am they were cautiously lifting glasses of Georgian wine to their lips.

Sir Denys's trip to Kiev was designed to symbolise to ICI's management and staff its determination to explore and expand its eastern markets. Next month the company's board will consider a report prepared by John Mitchell, head of its east European operations, which will recommend that each division include plans for eastern Europe as part of its global strategy.

Although none of the east European economies has yet created a fully-fledged market economy, competition between western chemical manufacturers is intensifying. The West German companies BASF, Bayer and Hoechst are strongly represented in many countries and US groups are showing mounting interest.

ICI will be committed to these markets, but its commitment will be tempered with caution. Sir Denys says of the Soviet Union: "This is an enormous market, with huge potential. The standard of living is well below the West, but people have western ambitions which will have to be satisfied. But it will take a long long time until the political and economic framework is of a kind which we can understand and do business within."

ICI will pursue an evolutionary approach. Its long-standing trade with the country has made it Britain's largest exporter to the Soviet Union with sales of between £50m and £60m this year.

ICI opened a Moscow office in 1979 and has become adept at dealing with a centralised democracy. It has agreed orders through negotiation with a foreign trade organisation in Moscow which in turn would distribute the product to final customers.

That system is starting to break down, as republics, city councils and enterprises claim more power. Increasingly, the company will have to start selling in the way it does in other countries, dealing directly with thousands of customers, haggling over prices, bidding and re-bidding for business.

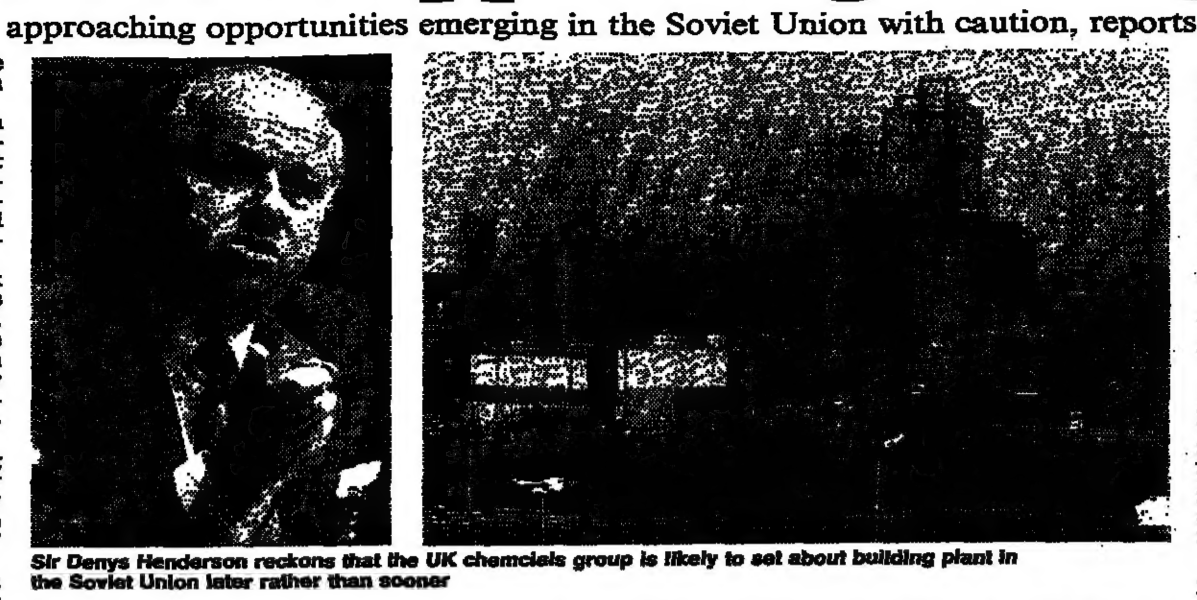
"We were very good at playing the old system. It used to be a very cost effective way of selling. Now we have to get out of Moscow to deal directly with customers," Mitchell says.

ICI believes the Soviet market offers considerable opportunities for many of its divisions.

The shortage of many staple foods will create strong demand for agro-chemicals to raise crop yields. Through a series of recent acquisitions ICI has built up a strong seeds business, which includes the unlikely jewel of Garst seeds at Coon Rapids in Iowa, in the US.

Garst, which mainly produces maize seeds, has strong links with the Soviet Union stretching back to a visit Nikita Kruschev made to Coon Rapids' maize fields when he was general secretary of the Soviet Communist Party.

Polyurethanes will be in demand from the expanding car industry and shoe manufacturers. The parlous state of Soviet health care will make investment in pharmaceuticals a priority. The huge unmet appetite for higher quality consumer durables should feed through into demand for better paints and coatings.



Sir Denys Henderson reckons that the UK chemcials group is likely to set about building plant in the Soviet Union later rather than sooner

ICI plans to exploit these opportunities gradually to build up a sustainable business base.

After six months of negotiations it is on the verge of opening an office in Kiev, in the Ukraine, and has plans for another in Vladivostock to complement its other Far Eastern activities.

Beyond spreading its expanding salesforce across more of the territory, ICI will pursue selected joint-ventures, designed to build up a customer base and form the foundations for eventual manufacturing.

Its first joint venture in Leningrad, to create a marketing and engineering centre for powder paints used to coat consumer goods, will test not just the size of the market, but its sophistication as well.

ICI wants to educate its potential partners in the importance of quality and service as well as price. It also wants to establish which customers are most likely to prosper and thus which it should concentrate on. Only then will it move into paint manufacture.

A similar strategy in polyurethanes means that the first step will be to establish a systems house to mix polyurethanes to meet particular customer demands. If that is successful, there may well be a case for a Soviet polyurethane manufacturing plant, Sir Denys says.

In agrochemicals ICI is attempting to build on the success of its experimental farm just outside Kiev, where wheat and fodder pea yields have been increased dramatically. It is working on a further five farm projects and demonstrating its products at another nine.

It hopes to encourage collective farms to form large associations which will bulk-buy agrochemicals and technical support. As centralised state buying comes to an end it will be a handy alternative to sending a salesman tramping around thousands of collective farms.

However, even a judicious approach will not allow ICI completely to escape some troubling dilemmas.

Any expansion into eastern Europe will have to fit with the rest of ICI's strategy whether in product development or on the environment. Yet that will be difficult because the eastern economies are so underdeveloped.

ICI wants steadily to move away from bulk commodity chemicals towards higher value added products tailored more to the needs to final consumers.

"We will not be putting in huge investments into vast plants. We may not be in that scene anywhere," Sir Denys says.

Yet there is still a lot of unsatiated demand for fairly standard products which simply trade on price. Most Soviet producers are just starting to think about setting their own prices and haggling over input costs. Customer service and attention to quality is still on the far horizons.

So it may be difficult for ICI to maintain the integrity of its international strategy to trade on quality and service as much as price, while also building up its Soviet presence.

Environmental issues will present a similar dilemma. ICI does not want to be associated with plants spewing out fumes over industrialised cities. Yet it will cost billions of dollars to clean up the Soviet chemical industry to current western standards, which themselves are under attack from environmentalists for being too lax.

It wants to pursue the sort of strategy it has adopted elsewhere to forge close links with customers which will prosper in the long term. It is possible to assess the differences in the quality of Soviet managers, but most plants look shoddy by western standards after underinvestment and neglect. Picking out the customers most likely to be successful in the long run will be difficult. The most successful may turn out to be those which received a lot of western investment and management at an early stage.

The centralised selling system based in Moscow was a much more cost effective way of doing business than the more decentralised system which is emerging.

Selling in the Soviet Union will require more Russian linguists prepared to tramp from Kiev to Kharkov and back again selling their wares. The costs of doing business in the Soviet Union will rise quite significantly.

But in the long run cost will probably not be as important as politics. For it is the course of political reform which will determine the balance of risk and return.

"If there is a high political risk you want to be able to get your money back fast. The more stable the regime the happier you are to take a patient approach. This market will require a patient approach, but without much political stability for some time," says Sir Denys.

The demands for investment in the East will have to be set against the needs of other parts of the world where customers are affluent and sophisticated, such as western Europe and the Far East. Sir Denys says the Ukraine's roads, hotels, clothes and cars most reminded him of India, which he estimates is ahead of the Soviet Union in the international competitiveness of its industry.

In a good year ICI gets about a 12 per cent return on sales and a 24 per cent return on assets; that is the standard eastern Europe will have to match to claim investment funds as it becomes more integrated into global business strategies.

So significant manufacturing joint ventures, demanding large capital sums are unlikely before the second half of the decade.

As Sir Denys remarks: "If it has taken us some time simply to negotiate our way to opening an office in Kiev it is interesting to think how long it would take to build a plant."

Management abstracts

AIDS at work. *Health & Safety at Work (UK). Jan 90 (2 pages).*

Briefly surveys the spread of AIDS in the US and how private companies have tackled the problem; reveals that, while the impact of the disease on work performance and in economic terms has been great, only a small minority of employers (less than 10 per cent) has introduced formal policies to deal with it. Outlines the main types of company response, e.g. total denial that it is a workplace issue, and points to instances where large companies, such as General Motors, have concentrated on awareness campaigns.

Winners and losers: the crucial differences. *Industrial Marketing Digest (UK). Vol 15 No 1 90 (5 pages).*

Quotes the managing director of strategy consultants, Braxton Associates, who conducted research into three manufacturing sectors – mechanical engineering, textiles and automotive components – to compare companies within these sectors, their relative performance, and interpretations of marketing, competitive strategy and corporate culture. From this research, certain theories have emerged, e.g. winners rate their marketing and market share as poor in relative terms but R&D/profitability good, suggesting that "behind every winning company there is a group of people who run a little bit scared. . .and never get complacent."

Making equal opportunities training effective. *M. Simmons in Journal of European Industrial Training (UK). Vol 13 No 8 89 (6 pages).*

Presents new perspectives on the issues underlying inequality of opportunity and discusses their implications in training. These perspectives include the notion that inequality is a system of institutionalised discrimination and that managers need to be trained for "equality leadership". Illustrates the "basic cycle of oppression" and believes the principles discussed here are as true for work on race and disability as for gender (though this is mainly about women).

Free to manage long-term. *E.G. Raynolds in Financial Executive (US). Nov/Dec 89 (5 pages).*

Suggests that if US business is to be competitive it must be free to manage for the long-term, and that it must attract and encourage long-term investors; suggests three steps towards achieving this: (a) encourage employee investment in ownership (b) cultivate investors who use a long-term strategy (i.e. the company should select the institutions rather than the other way round), and (c) evaluate pension fund managers on long-term performance.

Quality by design. *D. Clausing + B.H. Simpson in Quality Progress (US). Jan 90 (4 pages).*

Reinforces the message that design should be guided by precepts of problem prevention, reduction of unreliability, and elimination of waste; elaborates on each area.

Achieving worldwide advantage with horizontal organisation. *R.E. White + T.A. Poynter in Business Quarterly (Canada). Autumn 89 (6 pages).*

Discusses the key inter-related attributes possessed by effective horizontal organisation, which have dispensed with traditional vertical chains of command. These are lateral decision processes, a horizontal network, and shared decision premises; looks at ways they can impact on decision areas, particularly in relation to product flows, developing and adjusting programmes, and sharing information and knowledge. Contends that a horizontal organisation is especially relevant and beneficial for multinational strategy.

A feasibility study of JIT purchasing implementation. *Y.P. Gupta in International Journal of Operations & Production Management (UK). Vol 10 No 1 90 (11 pages).*

Studies a Canadian company, currently considering the use of just-in-time purchasing, by presenting an analysis of each important area to be considered. The company is part of a multinational group based in California, and has widespread suppliers which include several sister companies from whom it is compelled to buy. While there would be tremendous benefits from JIT, there are several factors, mainly to do with lack of control, which suggest that JIT purchasing would fail.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire [illegible].

FINANCIAL TIMES SURVEY

THE BRITISH VIRGIN ISLANDS

Friday June 29 1990

The BVI steadied a shaky economic base in the 1980s with a rapid entry into the Caribbean offshore finance business. But, to avoid trouble, such as banking fraud and narcotics-related scandals, the 1990s are going to require constant vigilance, says **Rachel Johnson**

Vigilant in the finance sector

THE PILLAR boxes are red; the telephone booths were designed by Sir George Gilbert Scott; the Union Jack flutters in the trade winds above the Governor's residence in Road Town, where islanders drive dinky Suzuki jeeps on the left hand side of the road.

The British Virgin Islands are one of a handful of the UK's dependent territories and they show no signs of wanting to be free of the crown. "American money, British security," together with the astonishing natural beauty of the islands, are counted among their chief blessings.

About 60 miles to the east of Puerto Rico, there are about 50 BV Islands, with picturesque names such as Fallen Jerusalem and Dead Chest Island scattered like beads in the Sir Francis Drake Channel.

Columbus sailed past on his second voyage in 1493, but the Dutch were the first permanent settlers in 1693. The BVI were granted their present constitution as a self-governing dependent territory in 1967, and its Governor, currently Mr M.A Herdman, is appointed by the Queen.

The relationship between the UK and its dependency is a rather distant one. When asked where the Virgin Islands were, Winston Churchill is said to have replied that he had no idea; but he would imagine they were as far away as possible from the Isle of Man.

Years later, the UK's Overseas Development Agency regards the dependency as an expensive anachronism. It is preparing to pare its grant to the bone, on the assumption that the islands' youthful, mushrooming offshore financial sector will provide enough revenue to fill the gap.

The turnaround from poverty to self-sufficiency has been rapidly achieved. The growth in tourism, which contributes about 24 per cent of the islands' $150m gross domestic product, only began in the 1960s while financial services, the second of the islands' big revenue-earners, developed in the late 1970s.

Without these two, the islands would still be heavily dependent on the UK for budgetary aid. As it is, the islands have "first call" on the UK's overseas aid budget, and use British capital for improvements to the islands' primitive infrastructure.

The London-based West India Committee says the islands are mere "dots in the ocean" to the UK; and the Governor has only a minor role to play in a territory of 59 square miles with a civil service of 1,400 people. The Chief Minister, Mr Lavity Stoutt, was elected by the locals in 1988, in a vote of confidence for the parochial politics of the Virgin Islands Party (VIP). "It is a small village with the panoply of Westminster," the committee says.

The British tag helps sell the islands' primary assets – sea, sun and sailing – to its primary tourist market, the US. It helps to sell its offshore financial services to the thousands of investors who have taken advantage of flexible tax legislation to incorporate in the BVI.

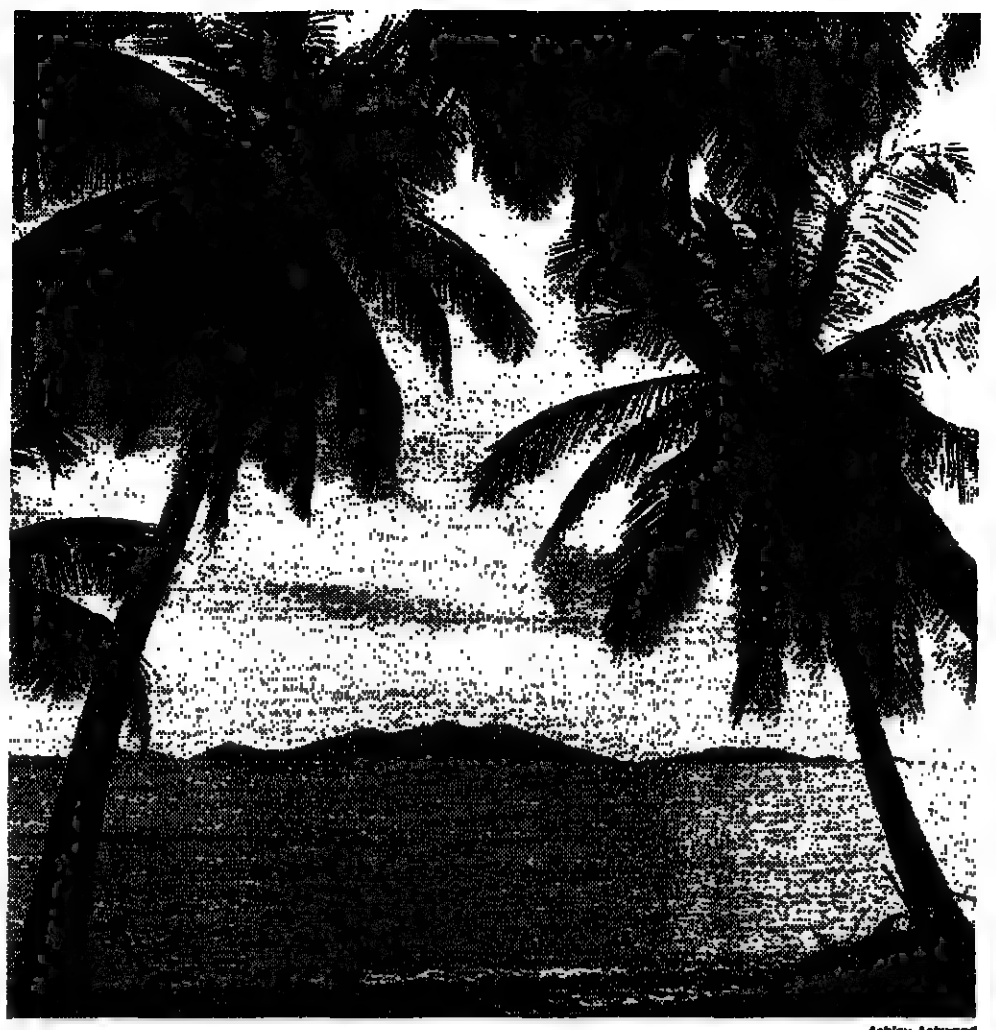
This expansion, together with the increasing use of the Caribbean for narcotics smuggling, is a cause of great anxiety to Whitehall. There is increasing nervousness lest the BVI, now one of the fastest-growing tax havens in the world, should erupt in scandal and discredit the UK.

The BVI's entry into the *competitive offshore business* was fairly offbeat. When favourable double tax agreements with the UK and the US were terminated, the islands' private and public sectors retaliated with a piece of trend-setting legislation: the International Business Company ordinance of 1984.

The Panamanian banking crisis in 1988 under General Manuel Noriega was the fillip the BVI's sector needed. Assets were pulled out of Panama and reinvested in more stable havens, notably the BVI.

There are about 22,000 IBCs incorporated on the islands, and about a dozen financial institutions holding licences under the Banking Act. This allows investors to deposit lawful assets in a company and avoid taxes – all reasonably quickly, for reasonable prices. No one in Road Town, the business capital of Tortola, knows who owns the company, or – more significantly for an anxious British Government – whether its assets have been assimilated through the drug trade.

BVI lawyers, such as Mr Richard Peters of Harney, Westwood and Riegels, say they rely on bigger legal firms in the US and the UK to weed out the bad apples.



The view from Tortola looking out to Jost Van Dyck island

Ashley Ashwood

The UK is anxious that the BVI does not have as rapid an exit from the offshore race. The ODA is contemplating the appointment of a full-time expert in banking fraud investigations to work in the dependency. He will be very busy: the "shell" companies, each with their own engraved plaque, now outnumber the islands' population.

Like any other Caribbean offshore financial centre, the BVIs' financial sector must find it hard to eliminate the risk of money laundering drugs money: "Every offshore centre has its baptism of fire," says a Scotland Yard drugs enforcement officer on secondment to the BVI. It has suffered one narcotics-related banking scandal up to now; but neighbouring Montserrat, which has tried to base its offshore sector on that of the BVI, has just had a moratorium placed on banking licences.

A Government-commissioned report by Mr Rodney Gallagher, of Coopers and Lybrand, last year said that the BVI's regulation was a "bare minimum," especially for the trust companies, and ongoing inspection a rarity.

The BVI's offshore sector would benefit from a Financial Secretaries Panel. Furthermore, the social structure of the tiny Caribbean islands made policing and indictment for both banking fraud and narcotics crime a difficult business, the report said.

The increasing use of the Caribbean archipelago for the *transhipment of narcotics from* South America to the US has had a perceptible impact on the islands. As the US Drug Enforcement Agency has cracked down on US Caribbean islands, smugglers have rerouted drug traffic via the BVI – which has just one police boat, and an aircraft shared with the Turks and Caicos islands. Sailors report bales of marijuana regularly to the police; and the Police Department says that more cocaine was confiscated in the BVI last year than in the UK.

The availability of the drug, is threatening to contaminate what has been described as the safest, most crime-free place in the Caribbean. The price of a gram of cocaine has dropped from $120 last year to $30 this year. Road Town has a red light and crack district – but it is difficult to get a jury to indict a BV islander for a drugs offence, says Road Town lawyer, Mr McWelling Todman.

This limited capacity for policing has implications for money laundering offences too. Regulation and supervision is the responsibility of the police and Attorney General. With only 96 men – and one officer on secondment from Scotland Yard – there are no specialist commercial crime or fraud investigation staff.

The Government is desperately keen to retain its conservative image. The islands' motto is *vigilate*. But Mr Robert Mathavious, Financial Secretary, says there is no way of knowing whether the companies registered in the BVI represent drugs' profits.

In the 1990s, the BVI know they have to husband their success in offshore finance, and remain at the cutting edge of new product development to remain competitive.

Their economic problems are more intractable. With rapid development have come high wage rates, high import levels, and chronic labour shortages. Infrastructure can be and is being developed. But further growth – and the islands' ambitions as a financial centre – are being hamstrung by their labour market. The BVI have to import between 55 and 70 per cent of their workforce.

For example, Barclays Bank wants to upgrade its office on Virgin Gorda to full branch *status. But their are no applicants* for the jobs. The limits to growth are being set by the BV islanders. They realise that scrabbling for the wrong sort of business will drive away the legitimate investor as quickly as cruise ships drive away yachts from the islands' perfect beaches and bays.

IN THIS SURVEY

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ADVERTISEMENT

Message from the Honourable H. Lavity Stoutt Chief Minister and Minister of Finance of the British Virgin Islands

I am extremely delighted that the Financial Times has chosen to produce a survey at this time as it provides the international business community with a *welcomed focus on the British Virgin Islands* - a small multi-island open economy which, given our well-established track record of social, political and fiscal stability, does not often attract the attention of the international media.

Because of its limited resource endowment, the BVI has always been dependent on external capital and on the calibre, innovation and adaptability of its people to spur its development process.

I am particularly proud of the strides we have made over the last few years. Our achievements have enabled the BVI economy to expand dramatically and to become one of the most envied economies in the Eastern Caribbean, enjoying one of the highest per capita income levels (US$9,380) in the Caribbean. Tremendous progress has been achieved in almost every sector and the average growth rate since 1986 has been approximately 9.92%.

My Government's development thrust is aimed at improving the quality of life for all persons living in these islands and, at attaining and maintaining a well-rounded economy. Our long-term goal is to *develop these islands* into the region's foremost service economy through assiduously nourishing and exploiting to the fullest our comparative advantage in tourism and financial services while, at the same time, jealously safeguarding for future generations of BV Islanders those very attributes which have contributed to our success thus far, i.e. our tranquil and picturesque environment and our reputation as a centre for the conduct of legitimate international financial activities.

We are determined to build greater resilience in the economy to maintain economic stability for the generation of balanced growth and development and to insulate the attainment of such growth and development against adverse shocks to the economy.

Our economic fortunes will, for a considerable time, be significantly influenced by the two complimentary global growth sectors which bring in foreign capital to the Territory and which are the cornerstones of our economy. i.e. tourism and financial services. It is in this regard that we are determined to forge and strengthen the linkage *between these* two sectors and the agriculture, fishing, manufacturing and construction sectors.

We believe that a dynamic private sector is critical to our future prosperity. We are, therefore, committed to the principles of open government, involving widespread consultation with the private sector on matters of mutual concern. That sector will confirm *that no* major measure affecting the fortunes of the people of the BVI is taken to the Legislative Council without prior public consultation and, of course, weight is always given to the views expressed.

We further believe that the best Government is that which concentrates on setting the rules of the game and leaving the *players free* to get on with it, confident that the rules will not be suddenly or drastically altered as the game proceeds. We, as a Government, are, therefore, committed to a policy generally supportive of private sector initiative and to the maintenance of an economic environment wherein economic enterprise can thrive and flourish.

As a visitor destination, the British Virgin Islands offer a unique blend of the best sailing waters in the world, together with finest hotels, *properties ranging from the internationally famed* Rock Resorts to exquisite Norwegian and other European-owned accommodation, as well as moderately priced facilities. Our individual and private vacation villas are well appointed and located in some of the most scenic spots in the Territory, mostly on the beautiful beaches or within walking distance thereof.

The British Virgin Islands is, of course, known as the world's bareboat capital, as it possesses the largest fleet of boats in this category of sailing. This is a natural phenomenon as the waters surrounding our islands are a dream for both the seasoned sailor as well as the novice. Government continues to pursue a policy of controlled "up-market tourism", which has resulted in making a BVI vacation attractive *to the visitor who is looking for an unspoiled* and uncrowded Caribbean island.

An initiative aimed at keeping the BVI on the cutting edge of the yachting industry will be announced shortly. The objective is to make the Territory even more attactive to 'mega yachts' as well as 'crewed' charter boats. Guidelines to regulate cruise ships visits are being developed to ensure that passengers enjoy the many offerings of the Territory. These guidelines will also ensure that there is minimum disruption to the quality of the offerings for longer stay visitors.

In the realm of Financial Services, the BVI has emerged as the preferred Caribbean corporate domicile for thousands of businesses. This has largely resulted from the success of our hallmark legislation, the International Business Companies Act, enacted in August 1984. This modern piece of corporate legislation which has been copied by a number of competing jurisdictions has enabled approximately 30,000 companies to be registered in the BVI, thus contributing much needed government revenues and creating a number of new jobs. We are determined to make the BVI a jurisdiction even more attractive to legitimate businessmen. However, we are committed to preserving the very attributes which have made these islands an attractive place from which to do business and to ensuring that further offshore centre development takes place in a progressive, yet orderly and better regulated fashion.

To facilitate this, a number of new measures which will enhance our ability to monitor and regulate the industry are to be introduced in the Legislature shortly. These measures which incorporate the recommendations of the Coopers and Lybrand survey on Caribbean Dependencies commissioned by Her Majesty's Government include a new Bank and Trust Companies Act, a new Company Management Act, a new Trusts Act, a new Limited Partnership Act and an Insurance Act together with some amendments to the IBC Act, designed to improve a number of technical aspects of the Act. The new legislation is expected to be on the statute books before Autumn, 1990. When this has been achieved, the BVI will have the requisite legal framework to enable it, over time, to become the foremost financial centre in the region.

My Government is equally committed to ensuring that BV Islanders are not crowded out of productive investment opportunities but rather are encouraged and given every opportunity to participate meaningfully in the development of these islands.

A programme of human resource development aimed at providing the required numbers of skilled personnel to meet the varied needs of our developing economy remain a top priority of Government. We have continuously expanded and upgraded pre-primary, primary and secondary education facilities and programmes in this pursuit. Recently, we have launched the British Virgin Islands Community College, an institution specifically designed to meet the needs of the community, thereby eliminating the necessity of all BV Islanders having to go abroad in pursuit of tertiary educational opportunities. The BVI Community College will enable us to better equip our people to participate more meaningfully at all levels in our country's prosperity.

The Government has not been unmindful of *the need to upgrade physical infrastructure to keep* pace with current and future developments. Our Public Sector Investment Programme 1989 - 1993 includes:

- **a new Beef Island Airport Terminal;**
- **new Central Administration Complexes on Virgin Gorda and Anegada;**
- **sewerage extension schemes;**
- **improvements to Peebles Hospital;**
- **potable water supply schemes;**
- **ports and harbour schemes;**
- **a solid waste incinerator**
- **improvements to the national road network; and**
- **the BVI Community College.**

Work has already commenced on a number of these projects. The Government will be redoubling its efforts to attract the private direct foreign investment, particularly in tourism and related activities. Our relatively risk-free country boasts as one of the highest international credit ratings among countries of the Caribbean, and the area is virtually crime free. It displays a degree of sophistication not normally associated with so small a territory; state-of-the-art telecommunication facilities link the Territory with the world and its pivotal location in the Caribbean all augur well for transforming the BVI into the total business centre of the Caribbean.

We in the BVI can feel optimistic as we look toward the future. I have every confidence that, with the public and private sectors working towards a common purpose, we shall maintain the image that has made possible our progress.

H. Lavity Stoutt

H. Lavity Stoutt
Chief Minister
and Minister of Finance

THE BRITISH VIRGIN ISLANDS 2

The economy has been transformed, says **Rachel Johnson**

From subsistence to service

IN THE Government Office on Main Street, one block away from the beach, Chad's Ice-cream Shack and the Sunny Caribbee Spice Shop, Mr Robert Mathavious, the Financial Secretary and his deputy laugh about the "voodoo economy."

The secretary explains there is nothing voodoo about the BVI's tradition of fiscal rectitude and a balanced Budget – and jokes about sticking pins into anyone who disagrees.

When Mr Lavity Stoutt, the Chief Minister, paid a recent visit to Britain, he said that the BVI got short financial shrift from the UK Government not because their figures were so bad – but because they looked so good.

Mr Stoutt aims to present tight budgets without tax increases, and to maintain the recently-attained surplus on the current account. Because the capital grant from the UK has been evaporating to about the £750,000 mark, whatever surplus the Finance Ministry can conjure up is as precious as rainfall on the islands. Capital assistance from the UK will cease after 1992.

The economy, which was a subsistence one dependent on agriculture and fishing, has been transformed into to a service-based one of tourism and financial services, helped by favourable corporate legislation, lack of exchange controls, and the use of the US dollar as currency.

In 1989, provision was made for expenditure of $32.4m, while anticipated revenue receipts were budgeted at $33.7m, leaving a surplus of $404,200. Including capital transfers, the Budget managed to produce an overall surplus of $800,000. The conjuring of the surplus is no black magic – but has, as Mr Stoutt and his team have frequently pointed out, one evil consequence.

"We have been penalised for good housekeeping," he says. The per capita income of the islands – based on a conservative population estimate of 14,500, is as high as $10,000, with a gross domestic product of $150m. This is almost double the average of the BVI's Caribbean subgrouping of the Organisation of Eastern Caribbean States. Only the Bahamas, Bermuda and the Cayman Islands have a higher per capita income.

So the Government complains that while its neighbours can plead poverty when they make their bids for cheap loans or debt rescheduling, the BVI suffer for their thrift.

Nonetheless, hurricane Hugo, which caused an estimated $120m worth of damage, coupled with ambitious planned infrastructure projects, means that, unusually, the BVI is going to have to spend heavily until 1993.

In order to carry out its public sector investment programme, it will avail itself of soft loans, from a variety of sources: the European Community, from the Caribbean Development Bank, and from its own funds drawn from the Social Security revenues, which has deposits of $40m.

Drawing on such loan sources this year and beyond will result in a sharp rise of debt. As a percentage of GDP, debt is expected to rise from just 1 per cent of the $150m GDP last year, to 26 per cent this year.

The unaccustomed problem of a higher debt ratio this year, should not detract from appreciation of what has been a buoyant growth rate. The most recent rise in growth was in 1986, although the last 20 years have seen rapid growth by Western standards. GDP growth in 1989 was 14.5 per cent.

The Government is proud of this, especially of the performance of the two fastest growing sectors, tourism and financial services, which contributed 24 per cent and some 20 per cent respectively to GDP in 1989. But the Government regrets there is still not enough money for a public transport service, new schools and social programmes.

Drawing on such loan sources this year and beyond will result in a sharp rise of debt

A thumbnail sketch of the economy reveals that the BVI have some big economic problems. It has been noted in the UK that Government capital expenditure is constrained more by poor management than lack of resources. Like many Caribbean islands, it imports everything from American food to policemen (outsiders are deemed more uncorruptible).

Mr Emerson O'Neal, of the Development Planning Unit, says that by the end of 1989, the current account deficit was reduced by 17 per cent to $16.2m. Although the BVI has healthy exports of $120m-worth of services (tourism and financial services, mainly), its visible trade balance is in the red.

The visible trade deficit increased by $9m, or by almost 10 per cent, over 1989. This was brought on by the growth in imports to support the buoyancy in the construction and tourism sectors. The BVI export goods worth some $4m. Indigenous exports include Trinidadian blended rum, fish, bananas, gravel and salt.

The islands have an unusual labour market problem, based on overemployment – with salaries in the private sector wooing away workers from the public sector and driving up wage rates. Local papers are full of advertisements for unfilled vacancies, and the islands have to import at least 55 per cent of its labour force. Some people are holding down two or even three jobs.

In 1987, a year when GDP growth was running at 15 per cent, the Government said the the labour market expanded by 900 jobs. The Planning Unit estimates that the labour force has grown by about 8-10 per cent since 1986, and expects it to grow by 20 per cent between the years of projected peak growth between 1990 and 1993.

The economy's sharp recent growth could usher in a period of slower growth: the tourism market, for one, shows signs of having reached saturation, while the finance sector is constrained by the difficulties of finding skilled staff to man the offices. But Mr O'Neal, chief of the Planning Unit, predicts that 1990 will be another year of high growth, as a result of the Government's ambitious plans for capital projects.

Tourism accounts for 55 cents of every dollar spent on the BVI, and 24 per cent of GDP. "This could go as high as 70 cents a dollar," says Mr O'Neal.

The BVI are expensive. New *Yorkers gasp at the price of a* cup of coffee, and food is punishingly dear for the sailors who refill their coolboxes when ashore. A beer can cost up to $2 a glass, and a coke even more. Only rum is cheap.

The BVI import inflation as they do everything else. The islands pick up the US annualised inflation rate and add a couple of percentage points. Consumer price inflation, for example, advanced by 6.7 per cent over the year to December. With interest rates, the banks follow New York's prime rate while, the islands, having a dollar economy, are sensitive to fluctuations in the strength of the dollar.

Rachel Johnson

Virgin Gorda: the second largest of the British Virgin Islands

The number of visitors may have dropped, but

Tourist dollars rule

THE high-class tourist is everything to the BVI. Their white sandy beaches, gin-clear water, constant sun, perfect sailing and array of sumptuous hotels make them the ideal mecca for the super-rich.

Princess Diana comes to holiday on Necker Island – Mr Richard Branson's 74-acre Virgin accessory to his Virgin chain. For up to $9,000 a day, in the high season, Necker Island is the pinnacle of exclusivity in the islands – where not Britannia, but the tourist dollar rules the waves.

Hurricane Hugo, on September 17 1989, caused damage of an estimated $120m, but it hit tourist confidence in the Caribbean harder than anything else. For the first time since records of the tourist industry began – and partly because of Hugo – the number of visitors to the BVI has shown a drop, according to Mr Russell Harrigan, chairman of the tourist board.

Ms Mary Jo Ryan, manager of the palatial, nautical Bitter End Yacht Club on Virgin Gorda, says: "This year is make or break for the BVI. The numbers have always been increasing before, now they have levelled off. There is no room for complacency."

Tourism's importance to the economy, however, makes it unlikely that anyone on the BVI will be complacent about the tourism industry.

In his budget this year, Mr Lavity Stoutt, the Chief Minister, said he expected arrivals to be just short of 280,000, and tourists to spend about $125m. Mr Pierre Encontre, UN economic adviser to the BVI Government, says that the growth of tourism between the 1960s and 1980s was the main factor behind economic progress on the islands.

The Hotel Aids Ordinance 1953 was one statute giving incentives for tourism development. It waived direct taxes on the importation of raw materials for construction.

However, benefits such as these have run their course. Now the sumptuous array of luxury hotels has no option but to offer paradise at a price. At the Bitter End Yacht Club, vacationers keen to engage in all manner of water sports between spiced rum at breakfast and grilled dolphin at dinner, have to enjoy every moment of their $275 day.

It is these hotels, as well as the bareboating industry, which remain the essence of the BVI's tourism industry. The pioneer hotel was and remains Little Dix, which has set the pattern for the rest of the industry. The Bitter End, and its neighbour, Biras Creek, are both striving to catch up – one by appealing to the sailor in the US tourist, the other to the people who want relaxation which is "close-to-nature."

With high fixed overheads, hoteliers have no room to go downmarket, and consequently no guaranteed survival on the islands. They need a flow of guaranteed bookings, capacity utilisation of 65 per cent, and for the repeat visitors to want to keep coming.

For this to happen, the BVI will have to remain the Caribbean's premier yachting destination. The stability of the US market, which supplies about 95 per cent of the island's tourists, is also essential.

Americans are notoriously careful about where they choose to take holidays, not at all attracted by crime or places with drug problems. So the tourist board is trying to attract more Europeans and opening an office in Europe.

The islands' need for high volume awakens the debate about a mass market for tourism – which would arguably drive away the essential wealthy tourist for good.

The issue pivots around the cruise ships. When the first came to Road Harbour in 1960, an editorial in the Tortola Times said its arrival might prove to be the single most significant event in the history of the islands' economic development. Now, three times a week, the islands' peace is shattered when a cruise ship puts in to the Cargo Dock at Road Town and disgorges 700 passengers.

On the other hand, the cruise ships bring business, even though they undermine the peaceful, upmarket image the islands have tried hard to create and desperately want to sustain. The cruise ship debate remains unresolved.

The yachting companies say they are worried by the fact that their market has entered a period of sluggish growth. Bookings are rising by only 5 per cent a year.

The $5m dock development plan, which will enable bigger cruise ships to dock right in town, is a bone of contention between ex-politicians such as Mr Cyril Romney who want to see as many tourist dollars enter the BVI as possible, and those who think that more development will turn the BVI into another St Thomas or Bahamas.

A government commissioned report revealed that renovating the port facilities for cruise traffic would cost more than $10m and require an increase of ship traffic and passenger visits by 200-300 per cent.

The chances are that the tourism industry on the island will be developed at the expense of beaches, peace, and crystal clear seas – and then the discerning tourist will go elsewhere.

RJ

Rachel Johnson on the islands as an offshore financial centre

No hiding place for rogues

THE competition among the Caribbean's offshore financial centres is as hot as the sun.

Each jurisdiction is now, after a period of breakneck growth in the liberalised 1980s, having to fine tune its offshore finance sector. But the jurisdictions are also under growing pressure to tighten up regulation lest banks or "dummy corporations" register in the offshore centres to launder the proceeds of drug trafficking.

The BVI's six-year-old finance sector is no exception to the Caribbean rule. Although this British Dependent Territory has a reputation for being one of the most prudent offshore centres in the Caribbean, its tax incentives and location between Colombia and Miami also make it a likely entrepôt for narcotics-related banking fraud.

Its sector is still growing quickly. In 1988-1989, offshore finance was the most dynamic sector of the economy, with a real growth rate of 20 per cent. Financial services now contribute as much to the economy as government services.

After the offshore debacle of Montserrat, which resulted in a moratorium being placed on the granting of banking licences and the closure of a large proportion of banks, the Department of Trade and Industry in London woke up to the dangers of history repeating itself in the BVI.

It recently commissioned a report into offshore financial services in the Caribbean dependent territories, a copy of which lies on every desk in Road Town, the business capital of Tortola.

While the report, by Mr Rodney Gallagher of Coopers and Lybrand gave a cleaner bill of health to the BVI than it did to Montserrat and Anguilla. The BVI Government and business communities have been left in no doubt that they will have to make sure their act is sparkling clean. Unless it is, the UK could intervene, as it has done in Montserrat as a consequence of the problems of the banking sector there. The Governor, appointed by the Queen, could take over regulatory control from the Ministry of Finance.

In the meantime, the burden of regulating the BVI's mushrooming financial sector falls squarely on the shoulders of the Financial Secretary, 37-year-old Mr Robert Mathavious. His task which will inevitably get harder as the drugs problem escalates and the offshore sector – and with it possibilities for commercial crime – grows larger.

The Government is anxious to convey the fact that it is not throwing caution to the trade winds in its desire to attract more and more offshore business. It says it has taken the recommendations of the Coopers and Lybrand report to heart. In his Budget address, the Chief Minister, Mr Lavity Stoutt, said that if the sector was to attract legitimate business, then both regulation and supervision needed improving.

Among recommendations he hopes to see in place by September are new laws for tighter control of trusts, more filed documentation, and the creation of an inspector for banks and trusts.

Behind the highly-contentious issues of money laundering, and indeed the financial success of the BVI, lies one very popular, simple, and flexible statute – the International Business Company legislation. This much-copied, trend-setting statute has been a phenomenal success since it was drawn up in 1984, following the cancellation of preferential tax treaties with the UK and US.

The IBC is the only jewel in the BVI's financial crown. Now the public and private sector financial community – which worked together to develop the IBC law – are unanimous that the BVI needs to offer more services to remain competitive.

"There is only one product," says Mr Roger Dawes, managing director of International Trust, one of the BVI's registered trust companies. Feelers are therefore being put out in the direction of investment banking and ship registration – services in which some of its competitors are long established. He says this even though about eight retail banks have got past the regulatory hurdles to win banking licences on the island.

Offshore finance was the most dynamic sector of the economy

The latest figures show that deposits in these banks grew 8 per cent in 1989 over 1988, and stand at $269m. For comparison, the Bahamas has about 400 banks, with deposits running to hundreds of billions.

What the BVI means to most international businessmen is international business companies, not offshore banks. From a slow beginning in 1984, the number of company registrations has increased from about 13,000 at the end of 1988 to 22,000 at the end of last year.

The trust company is the IBC company's natural stablemate as they act in the IBC market as registered agents. They are responsible for forming companies to hold the assets of individuals or organisations. In return for holding the assets, the trust company charges the IBC-to-be about $900-$1,000, of which $300 goes to the Government's Company Registry.

Mr Dawes estimates that the existence of some 23,000 IBCs by the end of 1989 brought approximately $8m in fees to the Government. The private sector is anxious that the BVI updates its trust laws so as not to lose out to the Turks and Caicos, the Bahamas, and the Cayman islands.

For $300, the company gets some precious benefits. An IBC is exempt from BVI taxes and stamp duty; there are no minimum issued share capital requirements, both registered and bearer shares can be issued; the company needs just one unnamed director and shareholder; board meetings can be carried out by telephone. But in sharp contrast to other offshore locations confidentiality is not enshrined in law.

In addition, the IBC laws provide an ultimate safety net for wealth – which has led to speculation that the Marcos' money has, at some time or even now, been held in BVI registered companies. This safety net is the continuation provision, which basically means that in a political crisis, someone such as Imelda Marcos can reregister her company in another accommodating jurisdiction such as the Turks and Caicos islands.

The Noriega crisis in Panama led to a spate of foreign companies changing their domicile to the BVI; other international investors have exploited the provision to protect their assets in the case of war or political instability.

This corporate flexibility has brought relative wealth to the BVI – but it has brought some suspicion – which the Government on the island resents. "There is no such thing as a clean money market," argues Mr Mathavious. The BVI recently adopted model legislation for a drug trafficking offences act and provide the US with information in narcotic related enquiries.

Even so, Mr Mac Welling Todman, the islands' foremost lawyer, says that existing regulation is ineffective, and cannot possibly prevent the establishment of rogue companies and money laundering activities by the registered companies. The Coopers and Lybrand report established that the "balance of effort" goes not towards essential ongoing inspection of activities, but into the process of registration.

"Other than for banks, the activities of trusts, IBCs, and the professional management firms are more or less unregulated," says Mr Gallagher. He said the absence of any regulation for the trust companies was an area of concern.

Proceeds from the collapsed Johnson Matthey bank, and the gold bullion Brinks Mat robbery, have also been linked via a paper trail of evidence, to BVI-registered companies, according to the West India Committee.

With 23,000 companies registered on a tiny island, the lack of regulation is unsurprising. The Ministry of Finance spent some $215,000 on regulating the offshore finance sector in 1989, while the Companies Registry, which used to work a card-index system until a couple of years ago, has a staff of 10.

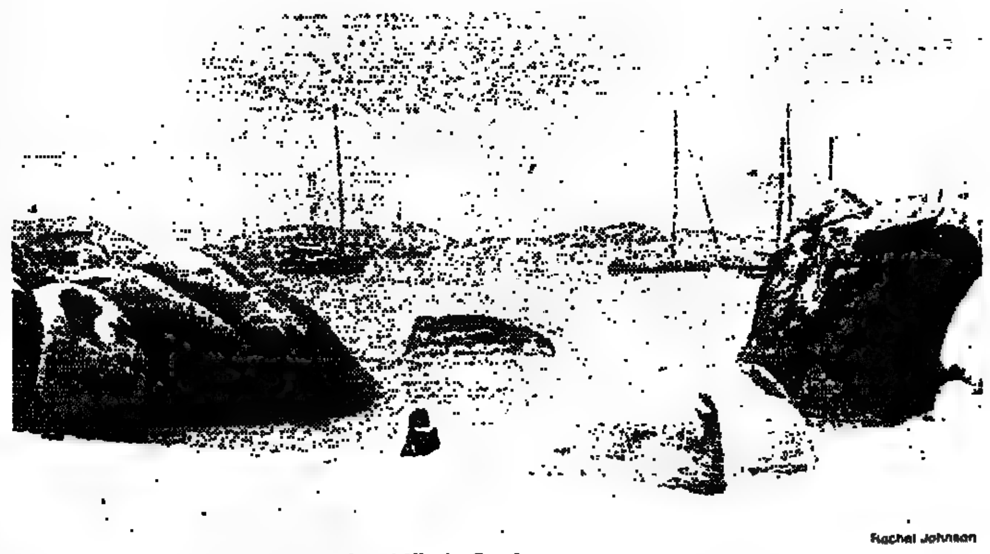
The contrast between expenditure and revenues (of $4.6m in 1989) is marked, Mr Gallagher says, indicating the scope for more spending on supervision, and that there are resources to develop products and offshore legislation.

Supervision is one problem; another is prosecution and indictment. The Royal Virgin Islands police force, with 96 officers, does not have any specialist commercial crime or fraud investigation staff. The Attorney General, Mr Gallagher says, would need to provide additional support to present a case involving complex commercial fraud. And Mr McWelling Todman says that "you cant get jurors to convict because the chap standing in the dock is a cousin of nine of the jurors at least."

The BVI Government professes itself well able to meet the demands of the Gallagher report in spite of constraints on capacity, resources, and expertise. It agrees that a degree of volatility is inevitable in such a new, fast-expanding and competitive sector.

The present legislature is keenly aware that the BVI could lose its edge should it be tainted with the merest whiff of a scandal, and distances itself from the banking problems of its neighbours, Anguilla and Montserrat.

The BVI wants the business, and revenues, to keep on coming, and for it to retain its tag – which does not do credit to this most scenic of offshore financial centres – of the "Offshore Delaware."



Yachts moored alongside The Baths at Virgin Gorda

Rachel Johnson

Sailing is one of the main attractions

Boats mean business

EIGHT MEN on a bareboat in the British Virgin Islands. Tom, Tom, Mark, Don, Hans, Erik, Jim and Mike are having one hell of a good time in the Caribbean.

For a couple of thousand pounds each, they are getting the holiday of a lifetime. These men have not had a break for two years from their jobs in stocks, real estate, and satellite communications, and are set to party.

"Just another day in paradise!" they yell as the sun-drenched day in the British Virgin island begins. They are on a 51 foot yacht chartered from the second biggest yachting company on Tortola, Caribbean Sailing Yachts, (CSY).

They have been planning this trip for six months. Because food is expensive, they have brought it with them from Michigan via Puerto Rico in large coolboxes.

All the travellers have had to buy in the onshore supply stores – which are amply stocked with imported goodies from the UK and the US – are eggs, milk, and bananas for the blended rum cocktails.

They have a Boatphone to call their offices and talk to the boss; they have their own scuba equipment and snorkels. Believe it or not, at two thousand dollars a week, these eight men are doing the BVI on the cheap.

Bareboating – it is used as a verb as well as noun – is when the visitor rents a boat, provisions it, and uses it like a hotel and taxi rolled into one. This is still the preferred sailing holiday on the islands. Bareboat chartering is, strictly speaking, never cheap, but cheaper than staying in one of the resort hotels or hiring a crewed yacht – which works at roughly twice or three times the price – about $6,000 a week.

Day sailing, where passengers join a crewed boat for a sail to one of the local beauty spots, is also popular, with a wide range of yachts to choose from. Yachts range from White Squall – which offers trips to outlying islands, grilled chicken, and rum punch, and a leggy crew – to Promenade, a million-dollar trimaran and floating gourmet kitchen.

Whatever the method, sailing is the BVI's main attraction, with islands scattered like the Pleiades to form a natural circle in the middle of the trade winds.

It is a big, windy, salt water lake, the edges of which are coconut strewn beaches and little native bars where the rum is free and the local music, called fungi, a natural accompaniment to the hallucinogenic mushroom tea, served every full moon night at Bomba's beach shack on Cane Garden Bay.

This setting provides boundless opportunities for shelter in bays, snorkelling on coral reefs, diving the shipwrecks, relaxing in natural baths, and exploring the coves and caves described in Treasure Island.

The easterly trade winds are fairly constant, blowing at between 10 and 25 knots every month of the year, while navigation can be safely done by line of sight.

The islands are not much bigger than English counties, and are only separated by a few miles. For this reason, sailing is big business: the BVI are the bareboat centre of the Caribbean.

Peter, an expatriate Englishman who will only describe himself as "a retired person", lives all year round on his yacht. "Sailing is what makes the islands have a viable economy," he says.

Mr Keith Chippendale, of Caribbean Insurers, the largest agency on the islands, says that his company "places a lot of boat business" – about £50,000. Both the crewed boats and bareboats need cover in an area where hurricane Hugo underscored the need for insurance.

The entire island appears to benefit from the sailing industry. The advertisements on BVI cable television feature yacht repairs and maintenance shops; there are well-stocked chandleries and marinas; the sailors shower, eat and drink, and shop-and-take taxis on shore.

Peter says the bareboating industry can be ascribed to Mr Charles Cary, whose company, The Moorings, was the catalyst for the development of the islands into one of the most exclusive sailing resorts in the world.

The Moorings started with six 35ft yachts in 1969. From this beginning, the company has expanded to 200 boats in eight different countries, with sales of $40m a year. Mr Jack Baratelli, president of Moorings, says the market for yachting holidays is very competitive and requires the most finely-tuned of marketing strategies.

The "mom and pop" sailors, who rent two yachts, a couple of slips, and advertise in the boating magazines, can do much to undermine even the multinational, multi-million companies such as Moorings – by undercutting costs. "They depress the market for people like us with high overheads," says Mr Baratelli.

High levels of service have gradually driven out the mom and poppers, he says.

Now there is an oligopoly in the *Caribbean yachting industry*. The second plank of the Moorings strategy is the ancillary operations: the boutiques, hotels, bars, t-shirts, and restaurants – all offered to the customer without costing the company an extra cent in marketing costs.

This marketing strategy was a necessary move for Moorings and its competitors. "The bareboat market is increasing by only about 5 per cent a year," says Mr Baratelli. So the company offers more than bareboats: it offers crewed yachts – about 15 of its fleet of 200 are crewed – and an "integrated yachting resort."

There are, however, some persistent anxieties apart from the slow growth of the bareboat market.

The cruise-ships, motor launches, and gin palaces which plague the Mediterranean shorelines are making their presence ever more felt here: and nothing is more likely to drive away the bareboat yachtsmen, with their love of the clean, windswept, spare way of life free from petrol fumes and noisy engines.

A large part of their attraction is the fact that they are magnificently unspoilt. One reason the islands are unspoilt, is of course, the bareboating industry. The sailors stay on the boats, and have no need of a complex infrastructure of hotels to sustain them during their stay in paradise.

Rachel Johnson

THE BRITISH VIRGIN ISLANDS 4

The development of the infrastructure

At a critical stage

THE HUB of the islands is called Road Town. It was so named because, like Rome, all roads lead to it.

There are a lot of fast cars on Tortola, but the 50 miles of driveable roads can be so bad that one visitor commented that the best way to get from A to B is either on a donkey – which still graze tethered at the roadside – or in a tank.

Legends about the islands' roads are many: when they built the Road Town to Cane Garden Bay road, the constructors simply concreted over the old donkey tracks.

When it was opened in the 1960s, the Chief Minister's inaugural drive over the precipitous, hairpin-bending seven miles was so hair-raising that he decided to sail round the islands rather than drive back.

When visitors ask why the islanders drive on the left, they are not told it because the BVI are a dependent territory of the UK, but because donkeys could not get used to the right-hand side of the road when the island had a brief flirtation with conformity.

The donkeys would, under direction, start off the journey on the right – but cross to the other side whenever a car came.

Legends aside, the BVI have reached a critical stage in their development.

At the crux of the development debate – which is one of the most keenly argued on the islands – is the question of whether the islands should develop to cater to the high-volume market of tourism; or whether they should consolidate and retrench after 20 years of growth.

There are two sides to the debate. On the one hand, the primitive infrastructure of the island does not serve the needs of the business traveller, tourist or islander as completely as the Government would like it to.

Although the communications group Cable and Wireless has installed advanced telecommunications systems and guests at $500-a-night resorts on exclusive Virgin Gorda can make express calls home to the US, there is only one public toilet on Tortola.

Basic needs appear neglected; at the same time, health, education and other government services have been described as deficient by the UK's Overseas Development Agency.

There is no public transport system save a glorified communal taxi service twice a day or so; residents outside Road Town have to provide their own sewerage, water catchment, and garbage facilities; and even in Road Town, the water is not properly drinkable and the dustbin truck keeps the most irregular of schedules.

All this means that while the international businessman on the island could as easily be in Tokyo as in Tortola, the island's infrastructure remains Third World.

The Government speaks feelingly about the need to improve infrastructure

The Government has, on the other hand, plenty of expensive development schemes to improve the living conditions and services of the islanders and its diverse communities.

The Government speaks feelingly about the need to improve infrastructure, as if it realises that its dream of becoming the "premier off-shore financial centre" will never be realised without sharp improvements to public works and services.

It recognises that much needs to be done on the human resources side first. Over 55 per cent of the islands' workforce, like so much else, is imported. Workers from St Kitts, Jamaica and other Caribbean islands flock to the BVI where there are more jobs than there are people to fill them.

Unpopular labour laws require employers to offer a job first to a Tortolan if on Tortola. Only if a "belonger" cannot be found can an employer choose a "non-belonger".

As a result, the islanders have become choosy about the sort of work they do.

"Employers are expected to hire and train islanders, the put them into accounts, or the back office, when they are only qualified to do basic tasks," says Ms Mary Jo Ryan, manager of a workforce of over 200 at Virgin Gorda's Bitter End hotel. Visitors to the island remark on the extraordinary grumpiness of the service.

"You can kill them with kindness but you never get a smile out of the staff," notices Ms Ellen Thornton, a yachting enthusiast from Kentucky.

The attitude of the islanders to non-belongers, whether "down islanders" from other parts of the Caribbean, or foreign businessmen, will become increasingly important as more trust companies and banks establish offices here. The caste system works strongly, with white women appearing to lie at the bottom of the variegated pile that makes up the BVI ethnic community.

While the Government can do little to change the dour aspect of many islanders it can spend on projects to improve the lot of the community.

The Ministry of Natural Resources and Labour was given an allocation of $2.4m in the 1990 budget; that of Health and Education received $13.4m; $7.3 went to Communications and Works; and $7m for Training and Education.

Beyond this, there are plans to spend $22.4m to improve the electricity supply system over six years, while the port and harbour areas are to be given special attention in the $14m infrastructure development programme announced at the end of 1989. A new cruise ship and passenger terminal is to be built – which hopes to attract thousands of tourists to the islands each week.

While the Government has been publicly criticised for encouraging cruise ship arrivals, it has been commended for its sensitive attitude to the islands' ecology, particularly marine and reef conservation. It has basic planning laws prohibiting buildings more than 45 feet high, and special permission is required to build on the coast.

Mr Louis Peter, the town planner, is hoping that a coastal development act will soon become statute to protect further the beauty of the unspoilt coastline.

"The official policy is to attract upmarket tourism," he says. "But there are signs – the port development project for one – that we are wanting to push development at any price."

RJ

Rachel Johnson on the ups and downs of travelling to the islands

Luggage brings bags of trouble

PUERTO RICO'S San Juan airport, with its interminable US immigration lines, is usually a travellers' first experience of the BVI.

However, the traveller, fresh off British Airway's comfy twice-weekly flight to Antigua, is fortified for the bureaucratic ordeal that lies ahead. Bitter experience at airports during air traffic control disputes has left the British hardened to hours of queueing.

Americans at San Juan appear less controlled, even though they are on home ground and thus spared the complicated forms about the importation of snails and soil. This is because it is after immigration, tedious though it is, that most people's transit problems can really begin.

The airport's bureau de change will not cash travellers cheques; there is no air conditioning to speak of, and the place smells like an open sewer. But it is the Caribbean attitude to luggage that really causes travellers' blood pressure to rise.

Passengers who blithely checked in their bags at the British Airways terminal at Victoria feel it most. When they were assured that they would be reunited with precious fishing rods, maps and compasses for their Caribbean sailing holiday they probably thought: sounds too good to be true. And it is.

When the passenger is free of immigration queues to connect to the tiny seaplane shuttle service that will deliver him to either the USVI, Tortola's Beef Island airport, or Virgin Gorda, he senses trouble. Luggage is not checked through by unseen hands. Instead, it is offloaded from the BA flight from London, which is going on to Antigua, and dumped in the arrivals hall.

No one is watching it, and no one tells the passengers to pick up the bags and proceed. The next course of action is a matter of common sense – unless you are a fluent Spanish speaker. None of the staff are going to find the bags and put them on the 20-seater seaplane. So passengers take the luggage and abandon hopes of Caribbean efficiency.

San Juan airport's bureau de change will not cash travellers cheques

Luggage troubles do not end here. It is worthwhile checking to see if your luggage is among others on the truck next to the plane. Then you can check that it gets loaded.

The plane seems to arrive on time, and the passengers relax. It is a fairly typical BVI selection. A trust company partner, and wife, very smartly dressed, who know to take the seats at the back of the aircraft; preppie US real estate agents from Michigan on a sailing vacation, skins already primed for Caribbean sun with trips to the tanning parlour; a white family with two small children; and a party of middle-aged, expat Brits hoping for the sailing holiday of a lifetime.

Strapped into the tiny plane, the passengers have now realised that no one has unloaded the luggage trailer. This is because the hold was already crammed full of earlier passengers' luggage, who had flown out on planes whose holds had been full of luggage already.

The system appears to be: treat passengers, and their luggage, as separate entities. They fly on different flights – and while tourists go to the luxurious Little Dix Hotel on Virgin Gorda, odds are there luggage has gone to Beef Island. Nonetheless, when the consciousness has finally dawned that luggage, and passengers, have no symbiosis in Caribbean travel, the tourist can relax.

The seaplane shuttle from Puerto Rico to the US Virgin Islands, St Croix, and St Thomas, and the BVI, is so scenic that it almost makes up for the lost hours in San Juan. It crosses low over the USVI, allowing the passenger an aerial view of the damage wrought by hurricane Hugo – roofless houses, overturned planes, uprooted trees.

It is the Caribbean attitude to luggage that causes travellers' blood pressure to rise

It is evident when the plane touches down on the narrow coastal airstrip on Tortola, the BVI's biggest island, that the USVI is quickly being lost to development and a sprawl of concrete boxes. Even the bays – or cays, as they are called here – bristle ominously with the masts of countless yachts and sleek white gin palaces.

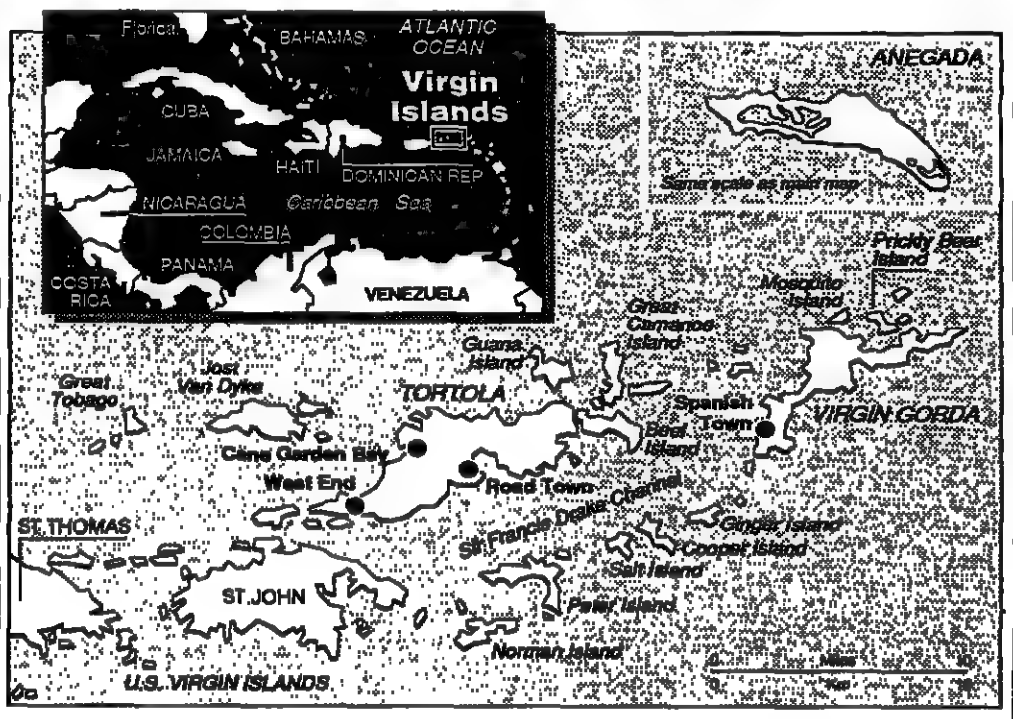
The BVI has some way to go before legoland complexes of houses sprout on its steep wooded hills – but the guide books contain warnings for visitors to get to the BVI fast before its too late.

At the airport, the truth about the luggage left cooking on the apron in Suan Juan, is rammed home. The passengers are informed at customs that it might, or might not, be on the next plane. The next plane can be in 15 minutes, or it can be in three hours, depending on cargo or destination. So while your rucksack might show up in the next 15 minutes, the crucial cool box, or fishing tackle for the bareboat is considered too heavy and arrives three hours later on the seaplane.

For the tourist, Beef Island International Airport is where the pain of travelling ceases and the holiday begins. A sense of laisser-faire, helped by two or three strong rum cocktails at the airport bar, descends. The traveller discovers that the bar will cash travellers cheques and that a taxi driver will come out at midnight, at no extra charge, to pick up the coolboxes. Meanwhile, the airport officials and customs officers are dancing round a ghetto blaster to the latest hits from Kingston, Jamaica.

Travel around the island can be considerably less fraught. Cars can be rented at the airport and in Road Town; so can bicycles, but the hills are very steep. Taxis are plentiful, but expensive. There is no local transport except the shared taxi service, whose rates are fixed by the local government.

Most of the visitors on pleasure, not business, however, will be using the island as an entrepôt for fresh water, beer, rum and food. They have come to sail, and therefore have little interest in other modes of transport, or indeed, anything except sailing. But even the sailors have to get to the BVI somehow, and the flight via San Juan is a great leveller for all visitors.



THE PROPERTY MARKET

Why the watchword is selectivity

By David Tunstall

What is the average investor to make of current prospects for property markets? It had been hoped that the results season for March year-end companies would at least provide a consistent set of returns on which sensible forward projections for the current year could be based. However, such was the disparity of returns on the trend of valuations within the most important component parts of the property market that most investors probably remain as confused as ever.

To recap on what by now is seen as history, Land Securities estimated the value of its City portfolios had fallen by a "mere" 2.75 per cent. Great Portland and British Land reported that the value of their City portfolios had fallen by 12 per cent and 10 per cent respectively over the same period.

Is the quality of assets sufficiently disparate to produce such a variation in results? Or, is it simply that insufficient evidence exists in the open market, so that valuers can no longer be relied upon to produce consistent rates of change in the value of portfolios?

Investors generally still adhere to the age-old yardstick of simply valuing companies on the basis of the relationship between the share price and the net asset value (NAV) as calculated from the company's balance sheet. A factor that still tends to be overlooked is the truer measure of the assumed worth of a company, namely the break-up value after stripping out estimates of the contingent tax liability which would become payable on the wholesale disposal of the portfolio in question.

If the annual portfolio valuation is meant to represent the price which could be achieved on the sale of all a company's assets, why do investors not take more account of the tax liabilities associated with those valuations?

An interesting example in this context was the annual valuation and resultant reduced net asset value produced by Great Portland. Here, the stated assets fell from 397p per share fully diluted to 384p per share fully diluted, a deemed reduction in value of 3.3 per cent. But it can be argued that the worth of Great Portland's assets to shareholders did not change at all between March 31 1989 and March 31 1990, if investors look through the contingent tax liability to the net net asset value per share.

Differing qualities of building and location now matter more than at any other time

Here, the indexation of base costs for purposes of capital taxation benefited from a high indexation allowance during the 12 months in question of 8.1 per cent. When worked together with the March 31 1990 valuation of assets this reduced the contingent tax on capital gains within the company from £115m at March 1989 to just £85m at March 1990.

If the value per share of Great Portland's assets is to be calculated after adjusting for this latent liability, we find that shareholders attributable value has in fact risen marginally from 324p to 344p. This hardly *supports* the screamed headlines of a fall in Great Portland's worth to shareholders. Richard Poskin can continue to smile at us from the pages of the national press.

Comparative movements in net net asset values over the last year were as shown in the accompanying table for the leading companies (with bracketed figures showing the declared movement in the conventionally stated diluted net asset value).

The fortunate thing for most of the leading investment companies is that all they need to do over the next few years is to sit back and collect vast amounts of additional rental income that will come through when reviews are next negotiated. Their cash flows will become the envy of every company in the UK, and one wonders how many will rue the need to pay for annual revaluations of their portfolios.

Not a few will wish we could go back to the old days when there was no requirement to produce such an assessment of portfolio values. With longer periods between reported valuations the analyst's job would not be any more difficult than in the current climate!

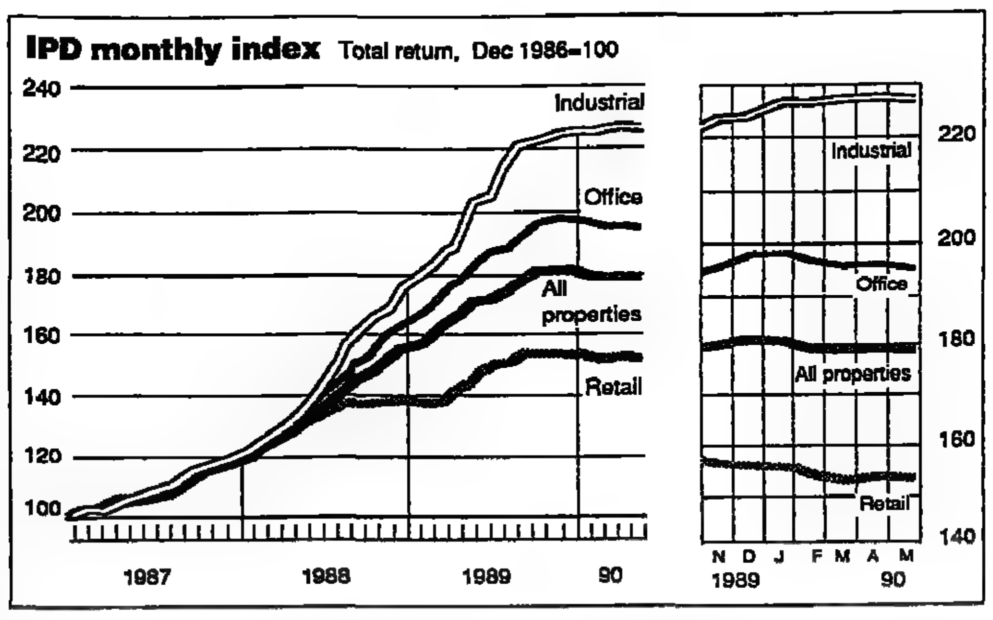
When property markets are changing rapidly as they are at present, companies tend to be put on the defensive. The recent spate of reduced NAVs (over those declared a year ago) has resulted in some directors suggesting that the valuers had applied currently prevailing yields to the end-March valuations, when yields were firmer. Whether that was the case is uncertain, but if true such manipulation of valuations fudges the issue. It ignores the fact that the revaluation should reflect the worth of the company at its "balance sheet date" and not the perceived value two or three months later. If any post-balance sheet adjustments have to be made then surely it is up to the companies themselves to make the necessary adjustments, so that we have a more realistic snapshot view!

Perhaps the answer is that at long last differing qualities of building and location actually now matter more than at any other time. Gone are the days when most buildings in a given area increased uniformly in value and selectivity is probably the necessary watchword more than ever. Hence we may in all likelihood continue to see disparate annual valuation results from companies that operate in apparently similar markets.

David Tunstall is a property analyst at Smith New Court.

COMPARATIVE MOVEMENTS IN ASSET VALUES

	Change in net net asset value	(Change in net asset value)
Land Securities	+4.4%	(+2.1%)
Hammerson	+8.1%	(+6.0%)
MEPC	+19.9%	(+21.1%)
British Land	-3.8%	(-7.3%)
Slough Estates	+19.9%	(+21.5%)



Returns equal earlier low

PROPERTY returns again fell in May, with a total return of -0.6 per cent. This equals the lowest return of the year, recorded in February. Capital growth was negative, at -1.0 per cent and, indeed, has been negative all year. Yields have continued to move upwards. Rental values continue to grow but at the slow rate of 0.5 per cent for the month.

Year-on-year capital growth has further declined and now stands at only 1.3 per cent. Similarly, total return in the year to May has fallen to 6.6 per cent. All sectors recorded negative capital growth and total return in May, showing a deterioration of 0.5 per cent on April. Industrial property remains the most successful sector over the year: year-on-year total return now stands at 16.6 per cent for industrials, 8.8 per cent for offices and 0.9 per cent for retails.

In the retail sector the total return in May was -0.6 per cent. Rental value growth at 0.5 per cent was slightly up on last month. However, year-on-year rental value growth of 9.8 per cent lags behind that for industrials and offices (20.0 per cent and 13.8 per cent).

For the second month the office sector has produced the poorest results, with a total return of -0.2 per cent and -0.7 per cent for April and May. Rental value growth remains constant at 0.4 per cent. Total returns for the year have fallen to 8.8 per cent – far off the 35.7 per cent recorded at May 1988. The industrial sector also showed a negative total return in May with -0.2 per cent – the same as February's low.

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TECHNOLOGY

There is one place in the world where a strong earthquake would be positively welcome: Parkfield, California.

Elsewhere, quakes strike without warning and cause terrible suffering and destruction, as in Iran last week. But Parkfield, in the sparsely populated centre of California, is all wired up and waiting for the earth to move.

In 1985 the US Geological Survey issued its first official earthquake prediction. It said there was a 95 per cent chance that an earthquake of magnitude 6 on the Richter scale would occur before 1993 on the Parkfield section of the San Andreas fault. With two and a half years still to go, the USGS stands by that prediction.

Parkfield has become the site of the world's largest experiment in earthquake prediction. The 25-kilometre Parkfield segment of the fault bristles with earth monitoring equipment: strain meters measure the deformation of rock 1,000 feet beneath the surface; laser geodimeters shoot light beams between hilltops, to measure any changes in distance between them with an accuracy of one millimetre in 10 kilometres; arrays of seismometers detect the smallest tremors on the ground; magnetometers detect variations in the earth's magnetic field; creep meters measure slippage on the main fault line; wells are monitored for fluctuations in water level; telluric current monitoring arrays measure changes in the earth's resistance to electric current.

The instruments transmit their measurements by satellite or microwave links to the USGS regional headquarters in Menlo Park, where computers analyse the data and alert the geologists when significant changes occur.

"We are using so many different instruments and techniques at Parkfield because, to put in bluntly, we don't know what we're looking for," explained Allan Lindh of the USGS. "We do have some ideas about what we hope might precede a major earthquake. But they are really little more than informed guesses."

Geologists have focussed so much attention on Parkfield because earthquakes seem to follow a more regular pattern there than elsewhere in the world. Over the past century magnitude 6 earthquakes have occurred at Parkfield on average once every 22 years (in 1881, 1901, 1922, 1934 and 1966) and the next one is overdue.

The USGS hopes to issue specific warnings of the next Parkfield quake in the weeks, days or hours beforehand. There was no advance warning of the quake last October, centred about 120 miles further north on a different section of the San Andreas fault, which damaged San Francisco. The geologists hope that if their instruments give them a thorough record of seismic and other activity leading up to the Parkfield quake, this will help them develop better methods of prediction for use elsewhere.

But the science of short-term earthquake prediction is still so rudimentary as to be almost useless in practice. By analysing movements of the earth's crust along known geological faults, scientists can issue long-term predictions. They say, for example: "There is a 30 per cent probability of a magnitude 7 earthquake occurring within the next 30 years in the San Francisco peninsula." Statements of that sort are useful for civil engineers, for instance, who are designing earthquake-proof buildings, bridges and dams, but they are useless for arranging an evacuation of a city immediately before a specific earthquake.

The one spectacular success of short-term forecasting was the 1975 warning of an impending quake in Haicheng, China. A series of "foreshocks" enabled the authorities to order an evacuation before the magnitude 7 earthquake struck, perhaps saving as many as 100,000 lives.

Foreshocks are the best known precursor of a large earthquake. The earth sometimes releases small amounts of energy in a characteristic series of minor tremors leading up to the main quake, in the same way as someone bending a stick may hear several small cracks before the wood suddenly snaps. But Haicheng was exceptional in the clear pattern of its foreshocks. In most large earthquakes the foreshocks are not distinct enough to pick out in advance from the general background seismic activity.

Scientists are therefore studying a variety of other possible precursors. There are many candidates, for example:

- Increased amounts of radioactive radon gas are emitted from rocks under strain just before a quake.
- Water levels change in deep wells.
- The electrical resistance of rocks decreases.
- Rocks give off radio waves at very low frequencies.
- A "slow" or "silent" earthquake may release some stress along the fault and trigger a destructive fast quake.
- Increasing stress and electromagnetic changes in the rocks may cause bizarre behaviour in animals.

Some of these signs are scientifically controversial and none can give a clear indication on its own that an earthquake is imminent. But scientists hope to combine indicators of this sort with seismic evidence of foreshocks to develop a more reliable forecasting method.

"At this stage there's no viable operational technique," says Russ Evans, an earthquake prediction expert with the British Geological Survey in Edinburgh. "We're still at the stage of doing basic research. We need above all to know more about the physics of the processes that control earthquakes."

Evans says that the damage caused by earthquakes worldwide costs tens of billions of pounds a year, and the human suffering is incalculable. In that context, spending millions of pounds a year on research into earthquake prediction is a reasonable investment.

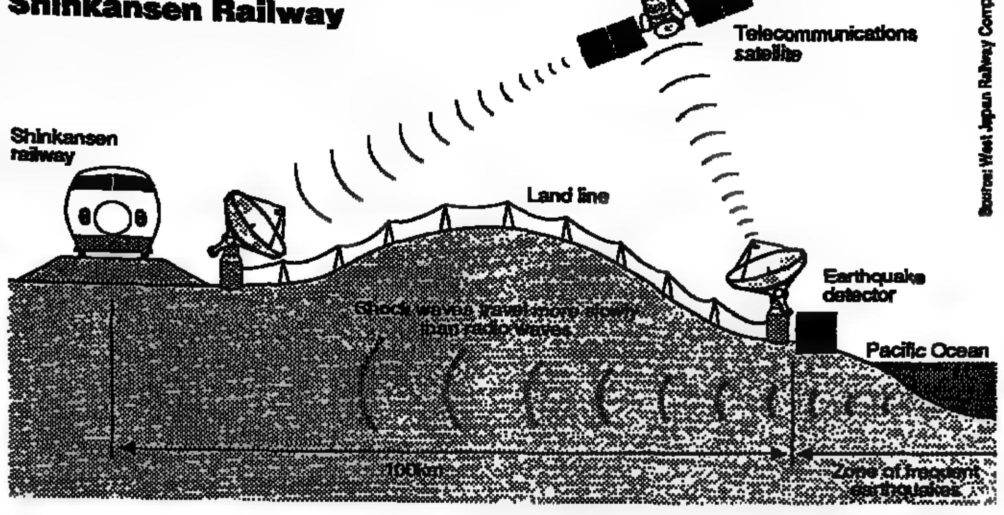
A fundamental problem for scientists trying to develop a general system of prediction is that the geology of earthquake zones varies greatly across the world. A system that worked well for the relatively simple San Andreas fault might not be useful for the complex Iranian fault zone that caused last week's disaster.

Even so, the US Geological Survey is waiting impatiently for the Parkfield quake. "It's like an overdue pregnancy," says USGS spokeswoman Pat Jorgensen. "Everyone is very anxious for this baby to be born." They are hoping that it will be a big bouncing baby. And that mother earth will give a few contractions first.

Clive Cookson describes advances in earthquake prediction that may make early warnings possible

Stealing the big one's thunder

Earthquake detection on the Shinkansen Railway



Source: West Japan Railway Company

EVEN IF scientists fail to come up with a reliable earthquake prediction system, modern technology can provide people living some distance from the epicentre of a large quake with up to a minute's warning before the shock hits.

The principle of a "real time earthquake warning system" is that seismic waves propagate through the earth more slowly than radio waves travel through the air. As an earthquake begins, seismometers transmit warning information by satellite to nearby towns and cities.

The warning time depends on people's distance from the epicentre. People living 20 miles away would have about 10 seconds warning. Those 100 miles away would have almost a minute. If industrial and commercial installations were connected to the warning system, the cost and damage of a quake would be reduced considerably. For example a chemical plant could shut down some hazardous processes within a few seconds. Computer users could protect their data by switching to a stand-by power supply and removing the magnetic heads from their disc drives.

The best example of real-time earthquake warning is in Japan. The Tohoku Shinkansen (bullet train) line operated by East Japan Railway has seismometers at 80 kilometre intervals along the Pacific coast. The coastal sensors are intended to give an early warning of the seismic shock from offshore earthquakes. When a quake is detected, the sensor sends a message by satellite to the trains, telling them to slow down or stop (see above).

The consumer's home is where IBM's heart is

Louise Kehoe looks at the new PS/1 computer

Eleanor Shields has been mulling the idea of buying a home computer for several months, but has not yet found the right machine. "Maybe this is what I've been waiting for," she said this week after reading about the IBM PS/1 home computer.

International Business Machines is gambling that it can ease consumers like Mrs Shields, who considers herself "non technical", into the computer market with a simple to operate version of its standard personal computers.

There is a huge latent demand for home computers, IBM believes. The market will double in size over the next five years, according to the company's projections from an installed base of 20m units.

Potential home computer buyers have been inhibited, however, by the complexities of computing and by the bewildering technical details that make it difficult to choose the right machine. Computer stores, geared primarily to business buyers, are intimidating to the computer novice.

The Shields, for example, have searched in vain for a computer that will suit the whole family. They would like five-year-old Katie to have access to educational games and become familiar with using a computer.

Mrs Shields needs to write letters and notices in connection with her volunteer activities and her husband would like to have a computer at home that is compatible with the IBM PS/2 in his office.

According to IBM, its market researchers talked to some 3,000 Americans with similar requirements before launching the PS/1.

Mass marketing of consumer products is not IBM's forte, however, and the company failed dismally with its first attempt to sell computers to consumers in the early 1980s. The PCjr, introduced in 1983 and withdrawn from the market in 1985, remains a bitter memory for the company.

The company's new approach is based on creative marketing, distribution and support services, rather than on technical innovation. It will target professional families with children, like the Shields, and sell the PS/1 through department stores as well as through computer retailers.

In efforts to demystify the computer, IBM has designed the PS/1 so that it is easy to set up. As soon as the computer is switched on a graphical menu of options appears on the screen.

Tutorial programs are included with the computer but users can also get personal assistance through the PS/1 User Club, an on-line support service, or by phone. A one-year warranty and a 48-hour express maintenance service are also included in the package "to take the beware out of buyer beware" says Tony Santelli who heads IBM's PS/1 development group.

To broaden the appeal of the home computer, IBM has

included a modem, a device used to link the personal computer to another computer via the phone line, in all US models of the PS/1.

The ability to access information services, such as Prodigy, a computer videotext system with a wide range of consumer and business services, will be a key aspect of IBM's sales campaign for PS/1.

Computer communications will also enable users to transfer files to their office computers, to send electronic mail, to use electronic banking services or to go "computer shopping", selecting items from an on-line catalogue.

Technically, however, the PS/1 is not exciting. It is based on the Intel 286 microprocessor, a chip that is quickly being replaced by the more powerful 386 in many IBM-compatible computers.

The PS/1 comes with either a black and white or colour monitor, high resolution graphics, 512K of memory expandable to one megabyte, one or two 3.5 inch floppy disk drives and an optional 30 Mbyte hard disk drive. US prices range from $999 (£575) to $1,999.

Expanding the PS/1 beyond these specifications – with more memory, or a fax card for example – will require the addition of an "adapter card unit" a box that is almost as big as the computer itself.

Critics charge that IBM has deliberately limited the expandability of the PS/1 to protect the low-end of its established PS/2 PC range. Home computer buyers do not want a "crippled machine", an Apple Computer official said, in a veiled reference to the PS/1.

Indeed, the PS/1 is not winning rave reviews from computer analysts or self-taught experts, but these are not the people it is designed to appeal to. Yet negative reviews could influence first-time computer buyers. And the level of enthusiasm of computer dealers for selling what will be a low profit margin product may also be critical.

Nevertheless, the PS/1 appears to fill a gap in the PC market vacated by Apple Computer. Through the mid-1980s, the Apple II personal computer was the product of choice among US home computer buyers. Its popularity was spurred by Apple's success in the US schools market. Parents wanted the same computer at home as their children used in the classroom.

Now the Apple II is outdated. Apple has put little marketing effort behind the product for the past year and has already discontinued sales in parts of Europe.

Although the PS/1 was announced this week, it will not be available in most parts of the US until September and later this year in Europe. In the meantime, IBM is selling the PS/1 in Chicago, Dallas and Minneapolis while it hones its support services and speeds up production in time for what it hopes will be a busy Christmas. As for the Shields, there is "a real possibility" that there will be a PS/1 under their Christmas tree.

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
29	30	31	1	2	3	4

OPERA AND BALLET

London

Royal Opera, *Covent* Garden: The first production in London for more than a century of Rossini's *Guillaume Tell* is by John Cox, conducted by Michel Plasson, and has Gregory Yurisich, Chris Merritt, Leila Cuberli and Robert LLoyd in leading roles. Latest round of the company's *much-revived La Bohème* production by John Copley: Antonio Pappano conducts, and principals *include* Ilona Tokody, Jerry Hadley and Jonathan Summers, with Dennis O'Neill and William Shimell taking over as Rodolfo and Marcello on July 5.
English National Opera, Coliseum: no performances until August.
Ballet. At the Coliseum the life-enhancing Kirov Ballt presents *Giselle* (world's best production) on Friday and Saturday: then presents a fascinating triple bill of two Balanchine ballets and Vinogradov's *Petrushka* on Monday to Wednesday. At Sadler's Wells the thrilling Cumbre Flamenca troupe plays on.

Paris

Opéra. *La Sylphide* in Pierre Lacotte's choreography replaces *La Bayadere*, which will be produced later on (47425371).

Amsterdam

The Compagnie Philippe Genty *dances Dérives* (Fri. Sat). Muziektheater (255 455).

Antwerp

Koninklijke Opera. The Royal Flanders opera in Tchaikovsky's *Eugene Onegin* conducted by Rudolf Werthen, staged by Adolf Dresen with Mireille Capelle, Pavel Chernykh and Chris De Moor (Fri, Wed, Sun).

Berlin

Opera. *Lohengrin*, in a new production by Götz Friedrich, has a strong cast led by Peter Seiffert in the title role, Eva Johansson, Olivia Stapp, Jan-Hendrik Rootering and Helmut Welker.

Frankfurt

Opera. The successful Lievi brothers' opera debut last year has brought them back to Frankfurt with a new *Macbeth* production. It will have with Cesare Lievi as producer and Daniele Lievi as designer with an interesting cast led by Rosalind Plowright and Vinson Cole.

Stuttgart

Opera. Offenbach's rarely played operetta *Der Karottenkönig* returns. A triumphant production by Gian Carlo del Monaco of *Otello* stars Gabriela Benackova-Cap, Wladimir Atlantow, Roland Bracht and Mario di Marco. There will be two guest appearances by the Hamburg Ballet Company with *A Midsummer Night's Dream*, and Karlsruhe's with *Lorca Losada*.

Madrid

Teatro Lirico Nacional la Zarzuela. Bellini's *I Puritani* closes the Madrid opera season, conducted by Miguel Roa with a cast led by Mariella Devia and Luca Canonici. New production co-produced by La Zarzuela and Teatro Comunale (Bologna). Ends July 13 (429 82 25).

Teatro Alla Scala. Liliana Cavani's successful production of *La Traviata*, conducted by Riccardo Muti, with Tiziana Fabbricini and Roberto Alagna in the lead roles (80.91.26).

Rome

Terme di Caracalla. The Rome Opera's summer season opens with Mascagni's *Cavalleria Rusticana*, with Ludmila Semchuk, Vyacheslav Polozov and Bruno Pola and Leoncavallo's *Pagliacci*, with Fiamma Izzo d'Amico and Vladimir Atlantov, conducted by Reynald Giovaninetti (46.17.55).
Villa Massimo (Roma-Europa Festival). The Naples Dance Theatreperforming *Streghe, Demoni e Dei* with the extraordinary ex-Bolshoi star, Vladimir Derevianko (6761243).

Verona

68th festival at the arena. Verdi's *Aida* (as usual) conducted by Nello Santi opens the festival, this time in a new production by Vittorio Rossi. Maria Chiara, Nicola Martinucci and Fiorenza Cossotto lead the cast (28.151).

Tokyo

Balinese Dance. Kecak dancers from the village of Teges perform at the Zenkoji Temple (ends Thur) (5237 9988).
Die lustige Witwe (Lehar). Staatstheater am Gartnerplatz, Munich. Tokyo Bunka Kaikan (Wed, Thur) (289 9999).

MUSIC

London

English String Orchestra. William Boughton conducts Elgar, Tippett and Bernstein. St John's, Smith Square, W1. (Sat) (071-222-1061).
Festival of Brahms and Elgar. André Previn conducts. Royal Festival Hall, South Bank Centre (Sun). (071-928-8800).
New London Orchestra. Ronald Corp conducts Gershwin and Korngold. St John's, Smith Square, W1 (Weds). (071-222-1061).
Luxembourg Radio Orchestra. The Emperor conducted by Carl Davis. Wagner, Beethoven, Dukas and Tchaikovsky. Barbican (Thurs). (071-638-8891).

Summer Festivals in France

Paris

Chopin Festival, Orangerie de Bagatelle. Ends July 15 (45012010, 40679700).
Schumann Festival. Sorbonne Amphitheatre. Ends July 6 (42627171).

Beaune

International Encounters. L'Orchestre du Siecle des Lumieres, Gand Collegium Vocale, Amsterdam Baroque Chamber Orchestra and Ton Koopman, the Soviet State Symphony Orchestra. June 29-July 22. (80222451).

La Chaise-Dieu

La Grande Ecurie et Chambre du Roy, conducted by Claude Malgoire, Moscow Philharmonic Orchestra. Aug 23-Sept 3. (71094838).

Brussels

Belgian National Orchestra conducted by Eugene Kohn with Placido Domingo (tenor) and Judith Howarth (soprano) in a programme of Donizetti, Gounod, Jimenez, Puccini. Palais des Beaux-Arts (Fri).
Monnaie Symphony Orchestra conducted by Emil Tchakarov performing Bruckner's 8th symphony Palais des Beaux-Arts (Sat).
Bolshoi Soloists Sextet with Stanislas Suleimanov (bass), performing Glinka, Mussorgsky, Rimsky-Korsakov. Hotel de Ville, Grand Place (Sun).
Brussels Festival Orchestra conducted by Robert Janssens and the Brussels choral society conducted by Tom Cunningham and the Da Capo 2000 children's choir with soloists perform Orff's Carmina Burana. Grand Place (513 89 40) (Wed).

Amsterdam

Scott Hamilton Quintet, Stephane Grappelli Trio and the Toots Tielemans Trio in a Gershwin Night (Fri). Concertgebouw (718 345).
Kenny Drew, Michel Legrand and Ahmad Jamal trios (Sat). Concertgebouw (718 345).
Amsterdam Bach Soloists conducted by Thomas Hengelbrock with Jaap van Zweden (violin). Purcell, Bach, Vivaldi, Handel (Mon). Concertgebouw (718 345).
Jazz at the Philharmonic with various soloists in a tribute to Norman Granz (Tue). Concertgebouw (718 345).
Jean-Yves Thibaudet (piano). Brahms, Paganini, Ravel (Wed). Concertgebouw (718 345).

Bad Kissingen

The fifth summer festival in Bad Kissingen (June 22-July 15) is dominated by artists from Hungary, Poland, Czechoslovakia, Russia and East Germany. The programme is led by three symphonic orchestras, the Czech Philharmonic, Polish National Radio Orchestra and the Bavarian Radio Orchestra. Other highlights include the cellist Natalia Gutmann, pianist Frank Peter Zimmermann, trumpet player Ludwig Guettler, singers Hans-Peter Blochwitz, Eva Lind, Olaf Baer, Waltraud Meier and conductor Bruno Weil. Also a performance of Handel's opera *Rinaldo* by the Halle Opera. 8730 Bad Kissingen Postf. (0971/807110).

Ravenna

Ravenna festival opens with a Mozart programme conducted by Riccardo Muti (Sun). Rocca Brancaleone (32577).

Rome

Roma-Europa festival. Andalusian songs by Calixto Sanchez (Fri). Spanish Academy (6761243).
RAI Symphony Orchestra and choir conducted by Michel Tabachnik playing Debussy and Stravinsky (Thur). Villa Borghese (6761243).

Barcelona

Grec 90 Barcelona summer festival. Coral Carmina, Camerata Bach, conducted by Josep Pons. Bach (Mon). Granada Chamber Orchestra conducted by Edmon Colomer with Narciso Yepes (guitar). Rodriguez, Albert, Cervello, Rodrigo, Falla (Tues). Orquestra Ciutat de Barcelona conducted by Franz-Paul Decker. Tchaikovsky, Glinka, Stravinsky (Thur, Fri). Teatre Grec (318 25 25).

Chicago

Ravinia Festival. Victor Borge piano and antics (Tue). Highland Park (728 4642).

Washington

National Symphony Orchestra conducted by Mstislav Rostropovich and Henry Mancini. Mixed programme of popular and patriotic tunes culminating in July 4 fireworks (Wed). West Lawn, US Capitol.

Tokyo

Cracow Philharmonic Orchestra conducted by Roland Bader, with the choir of Toho College of Music. Haydn: The Creation. Shinjuku Bunka Centre (Mon). Spohr, Faust. Suntory Hall (Tues). Mahler, 8th symphony. Suntory Hall (Thur) (401 9561).
New Japan Philharmonic Orchestra conducted by Alexander Schneider. Dvorak, Schubert. Bunkamura, Orchard Hall (Mon). Tokyo Bunka Kaikan (Tues) (499 1531).
NHK Symphony Orchestra conducted by Yuzo Toyama. Contemporary music from Asia. Suntory Hall (Wed) (465 1780).
Rainer Kuchl (violin). Beethoven, Schubert, Debussy, Strauss. Tokyo Bunka Kaikan, recital hall (Thur) (289 9999).

EXHIBITIONS

London

The Royal Academy. The 222nd Summer Exhibition — the oldest established and largest open submission exhibition in the world, though with only 1,206 assorted works of painting, sculpture, architecture and the graphic arts, it is somewhat smaller than usual. Too often underrated for its quality, it covers the broader centre ground of professional British art. Until August 19.
The Tate Gallery. The entire permanent collection has been rehung so that the visitor may now take a natural circuit through the newly restored galleries, from 16th century British painting through to recent modern art.
The Royal Academy. Modern Masters from the Gelman Collection — a self-explanatory exhibition of masterpieces of the 20th century from Bonnard and earliest Picasso to Picasso the old man, by way of all the great names of the School of Paris, Matisse, Modigliani and the rest. It is a true celebration not of mere art history but of the joy to be had in the possession of great art. Until July 15; sponsored by Guinness.

Paris

Carte musées et monuments sold in museums and metro stationsenable visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles.
Centre Georges Pompidou. Andy Warhol. Some 200 works retrace the career of the multi-faceted artist who, born of Czechoslovak immigrant parents in Pittsburg in 1928, became one of the main representatives of American Pop Art and part of the *Underground Culture* scene. His acrylicpaintings inspired by comic strips, his series of Coca-Colabottles and Campbell's soupe, of film stars and politicalcelebrities express an important aspect of contemporaryvision. Projections of Andy Warhol films complete the ex-hibition. Beaubourg. Closed Tue, ends Sept 10 (42771233).
Grand Palais. Joseph Wright of Derby. Some 80 paintings and 30 drawings sum up the career of the 18th century portraitist who introduced the *chiaroscuro* into English art. He was as fascinated by scientific experiments which he depicted in large-scale canvases — the Vacuum Pump and the Orrery — as he was by fireworks or eruptions of Vesuvius rendered in melodramatic colours. Closed Tue, Wed late closing, ends July 23 (42895410).
Bagatelle Chateau and Trianon. Vienna 1815-1848 — the Biedermeier period. Vienna's museums have lent some 250 pieces of furniture, porcelain, paintings and objets d'art for an exhibition of the style which expressed the Austrian capital's changed mood after the turmoil of Napoleonic wars — the Biedermeier style. Bois de Boulogne. Ends August (15 45012010).
Galerie Odermatt-Cazeau. 19th and 20th Century Masters. A thread of excellence runs through the exhibition, which begins with the impressionists and ends with an abstract Picabia. Monet's Charing Cross Bridge floats in a haze of pinks and blues. The realism and heavy pathos of an early Toulouse Lautrec — Le Buveur — is in contrast to his Jane Avril, expressive of his mature period. Ends July 28 (42668258).

Martigny

Fondation Pierre Gianadda. Modigliani. Some 50 oils, as many drawings and some sculptures form an important restrospective of the Italian-born artist living at the beginning of the century in the feverish atmosphere of Montparnasse and Montmartre. In contrast, the rather stylised two-dimensional portraits of his friends and of Jeanne Hebuterne, his last and tragic companion, embody perfect repose. Even his nudes, voluptuous in shape and warm in colour, are wistfully reflective rather than erotic. Open all days. Ends Oct 28 (26/223978).

Brussels

Musée d'Ixelles. 71 Rue Jean Van Volsem. La Poetique des Peintres Italiens a l'Aube du XXe Siècle. Closed Monday.
Musée Wellington-Waterloo. Inedits sur Waterloo commemorates the 175th anniversary of the Battle of Waterloo. Daily ends July 31.

Antwerp

Rembrandt Bugatti and Belgian Animal sculpture (1860-1930) closed Monday ends July 29. Hessenhuis, 53 Falconrui.

Rome

Braccio di Carlo Magno in Piazza San Pietro: Michelangelo and the Sistine Chapel. This exhibition marks the end of a 10-year project by Vatican restorers on the ceiling of the Sistine Chapel and the beginning of an estimated further four years' work on The Last Judgment. Ends July 10.
Palazzo Venezia: Art for Popes and Princes of the 17th and 18th centuries. Over 70 large and exuberant canvases from the country seats of popes, cardinals and the Roman aristocrary (Chigi, Barberini, Colonna, Pamphili etc) in the area stretching south of Rome, once known as the Campagna Romana.

Florence

Palazzo Vecchio. The age of Masaccio: tying in with the reopening of the Brancacci chapel in the Church of the Carmine after a six-year restoration on the cycle of frescoes by Masaccio and Masolino, are 109 works by painters and sculptors who worked in Florence in the golden years between 1401 (the date of Masaccio's birth) and 1440. Included are frescoes, sculptures and drawings by Paolo Uccello, Beato Angelico, Gentile da Fabriano, Donatello, Brunelleschi, Ghiberti and Filippino Lippi, and four paintings by Masaccio himself. Ends Sept 30.

Naples

Castel Sant'elmo. In the Shadow of Vesuvius: Naples through theeyes of European artists between 1400 and 1800: fascinating collection of over 300 oils, watercolours, prints and drawings of a city which has proved irresistible to artists and travellers for nearly five centuries. Opening with the 15th century Tavola Strozzi (painted by the pupil of Beato Angelico) where the city is seen from the sea bathed in improbable deep pinks and oranges, the exhibition includes gems such as a Brueghel (from the Thyssen collection), Gasparvan Wittel and the beginnings of the 17th landscape tradition, works by Hubert Robert, Wright of Derby, Jacob Philip Hackert, Turner and Corot. Ends July 21.

Venice

Palazzo Ducale. Titian. This exhibition organised jointly by the Venice local council, the Arts Ministry and the National Gallery in Washington marking the 5th centenary of the painters birth is the largest for over 50 years. Over 70 paintings are on show, lent by American, Russian and European museums. Ends Oct 7 and goes to Washington.

Bologna

Galleria d'arte Moderna. Giorgio Morandi retrospective. Over 200 works lent by Italian and foreign museums celebrating the centenary of the painter's birth. Limiting himself almost entirely to still-lifes and landscapes inspired by the countryside around his native Bologna, Morandi has been described as the painter of silence. Ends Sept 2.

Mannheim

Städtische Kunsthalle, Moltkestr. 9. Emile Bernard, a painter always in the shadow of Van Gogh and Gauguin is honoured with a retrospective of 170 early paintings. Ends August 5.

Essen

Villa Huegel 15. St Petersburg around 1800. This is the third exhibition to be mounted by the Ruhr Cultural Foundation, set up in 1984 by Berthold Beitz, head of the Alfried Krupp foundation. With 555 pieces on loan from Leningrad's state Hermitage Museum, the exhibitions details the developments of Russia from a great empire to a European power. Ends Nov 4.

Darmstadt

Mathildenhöhe. The seat of the Hess-Darmstadt aristocracy, the city became a prominent cultural centre under the Duke Ernst Ludwig, who ruled between 1892 and 1918. He instituted the Mathildenhohe's arts centre Künstlerkolonie. One of seven buildings by architect Maria Ulbrich, called Ernst-Ludwig Haus. It was damaged during the war and later reconstructed. Now after a total rerconstruction it opens its doors in its original function as a Jugendstil museum, documenting all aspects of the Jungendstil with furniture, pictures, porcelain and jewellery.

Madrid

Fundacion Caja de Pensiones. Georg Baselitz. Exhibition of this German artist's 1980's production, including paintings, sculptures, linocuts, pastels and drawings. Baselitz's work may be classified as expressionist but is above all strikingly original. Ends July 15.

Barcelona

Fundacion Caja de Pensiones. Edwuard Ruscha retrospective. Clear exponent of the latest artistic developments of the west coast of the United States. Ruscha aims to knock down art's traditional role and to offer an ironic view of reality. Closed Mon. Ends July 15.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.
Museum of Modern Art. The first retrospective in America in 25 years marks the 80th birthday of Francis Bacon with 60 works dating back to his figure studies of the 1940s.
Metropolitan Museum of Art: The Russian Taste for French painting, representing three centuries of French masterpieces from the Hermitage and Pushkin Museums, covers Poussin to Matisse. Among the 51 works are major paintings by Watteau, Fragonard, Ingres, Manet and Henri Rousseau. Ends July 29

Washington

National Gallery. More than 90 prints by Edvard Munch show the Scandinavian artist at his most colourful and prolific, mining his familiar emotional themes of anguish, jealousy, death and loneliness.
Hirshhorn Museum. Paintings, drawings and sculptures from the Bay Area figurative movement of the 1950s and 1960s include works by Richard Diebenkorn, Elmer Bischoff and sculptor Manuel Neri.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided. America in the Age of Lincoln, with documents, mementos and personal effects of the Great Emancipator.

Russians in Manchester: self-portrait by Zinaida Serebriakova, and lithograph "Everybody to work, Comrades!", by Nilolai Kogout

From Peter the Great to perestroika

With Russia in ferment, its people dizzied by change and fearful of the future, there could not be a more timely exhibition than *Leningrad in Manchester*. This is the umbrella title for seven exhibitions. They look back as far as Tsar Peter the Great, laying the foundations of St Petersburg in 1703, and end with the unofficial art of perestroika. All seven exhibitions are worthwhile, but four are extra special. They focus on the image and the experiences of the Russian people on both sides of the watershed of the October Revolution. *The Russian Lubok. Two Hundred Years of Popular Prints* and *Bolshevik Posters* are both at the Whitworth Gallery (until 21 July); *Russian Faces, Soviet Lives* is at the City Art Gallery (until 22 July); and *Posters of Perestroika* at the Cornerhouse (until 22 July).

These days, festivals spawn other festivals like nests of Russian dolls. Sponsored by Siemens, "Leningrad in Manchester" is part of an arts festival, which is part of the Manchester Olympic Festival, which supports the city's bid to stage the 1996 Olympic Games.

Kandinsky wrote that "the *lubok* is a marvel," and the Whitworth exhibition bears him out. It should not be missed by anyone interested in Russian culture, literary as much as visual. Each of these entrancing popular prints is a window onto Old Russia. They have a great cast, of dancing bears and holy hermits, wife-beating peasants and bankrupt merchants. They exult in veiled terms at the death of Peter the Great, they marvel at a vast whale captured at Archangel, and report the opening of the Moscow-St Petersburg railway line in 1851.

The *lubok* was a cheap broadsheet, sold by pedlars. It combined an appeal to literate and illiterate alike, with its combination of texts and vigorous images, hand coloured with wild splodges of ink which landed just about anywhere. The religious images are all 19th-century, but draw on a lineage of icons and saints' lives which goes back centuries. The first *lubki*, made in the early 17th century, were propaganda by the Orthodox Church in Kiev, alarmed by the challenge of Polish Catholicism. However, just like the woodcuts of medieval Europe, the Church soon found that *lubki* artists wanted to sing different, and sometimes unwelcome, tunes.

Lubki remind us that it was from the same bottomless well that Stravinsky drew his Firebird and Musorgsky his witch, Baba-yagar. But they also show that borrowings between high culture and low culture went both ways. A mid-19th century print showing a distraught girl leaving her bastard baby in someone's garden was based on a poem by Pushkin. The *lubki* have been lent by the Saltykov-Shchedrin Public Library in Leningrad. Many were deposited in the archives after 1851, when the state censor finally cracked down on t he *lubki* publishers' satirical excesses.

Only too aware of the *lubok's* popularity with the masses, during the First World War the government sponsored *lubki* designed to stiffen morale. Vladimir Mayakovsky was one of the artists recruited to the cause. In one print he cleverly used the before-and-after design typical of *lubki*. On the left is the Cossack, like a latterday St Michael, spearing a German dirigible. On the right is his wife, sewing a pair of trousers out of the deflated dirigible. The Whitworth's other exhibition, "Bolshevik Posters," explores agit-prop, with celebrated posters by artists such as Mayakovsky, Moor, Lebedev and Kustodiev, and a host of equally striking anonymous ones. Thanks to its pair, this handsome exhibition shows that the *lubki* tradition was quite as influential as the graphic art and *avant garde* of Europe.

The exhibition almost deafens with ironic resonances. Moor's "The Soviet Turnip" shows a top-hatted capitalist trying to steal a giant turnip which turns out to be the helmet of a Red Army commissar, who blows the capitalist away. "Over the debris of an evil gentry and industrialists, we will gather in a good harvest for the labouring people," proclaims the vast image of a peasant, ploughing the field of victorious ideology. In 1918, on the anniversary of the Revolution, the populace of St Petersburg were hungry and cold. *Street Art of the Revolution*, at the Cornerhouse, recalls the huge festivities designed to hearten the proletariat.

Food plays a prominent part in *Posters of Perestroika* at the Cornerhouse. In fact, these are only poster designs; none of the work of Interplakat, a Leningrad association of poster artists formed in 1988, has been published. Nonetheless, Interplakat is now officially recognised and its exhibitions tour the USSR, raising money for Afghan veterans and children of Aids victims. Colours are sombre, text is minimal, and the cheap materials betray the frustrations of the unofficial artist. A vast sausage on a railway carriage satirises the way food is rushed to parasitic cities. A hammer and sickle frame a plate covered with cobwebs. Gorbachev's image does not appear, but Stalin's does; his moustache is turned into a pair of vultures. However, Gorbachev's policies are lampooned. *Glasnost* is a door hinged all round, and *Perestroika* is a man rushing about with a torch, his followers blinded by billowing smoke.

Russian Faces, Soviet Lives. Painting 1910-45 is a crowded and provocative choice of works from the State Russian Museum in Leningrad. Most of them are kept in storage these days because of shortage of space, but in the past were often hidden from official disapproval. None has been exhibited in the west. A painting apiece by Tatlin, Repin and Chagall serve only to make the point that this exhibition thereafter breaks new ground.

The thesis is that art and ideology danced a more complex pas-de-deux than history books allow, and that there were plenty of good figurative realists despite the grotesque Stalinist tyranny of Socialist Realism. To my eye, large paintings by Aleksa ndr Deineka, Kuzma Petrov-Vodkin and Fódor Bogorodskii are unconvincing. Not that one will forget in a hurry Deineka's German air ace, plummetting headlong, about to spike his head on rusty girders. But go, above all, to enjoy four beautiful paintings by Zinaida Serebriakova, who died in Paris in 1967. Her clothed self-portrait is wonderfully poised and dignified. Her nude self-portrait, that rare thing, is classically monumental and yet, seated on the riverbank, she has the allure of an Art Nouveau naiad. Soon, please, can we have a Serebriakova exhibition?

Patricia Morison

Trisha Brown

THEATRE ROYAL, GLASGOW

"Everything is in a state of flux," said Heraclitus: a motto always true for dance, the most changeable and ephemeral of the arts. Dance, in fact, is flux as art. What you see one second is gone the next, there's no trace of it left, and it may never happen quite the same way again. What's fun in the work of the American post-modern choreographer Trisha Brown is just how plainly she makes us aware of this. An arm-pull; a shrug; a wriggle; a dip; a leg-swing; a fall. The sequence of a phrase, as impulse passes through the body, is unpredictable in shape, in dynamics, in rhythm; but, again and again, you're surprised that something that began like *that* should have proceeded so easily to *this*.

This week, as the finale of its Dance Into Glasgow season, the Theatre Royal showed two programmes of Brown and Co., their only British appearance since 1987.

What a tonic – to see again those calmly relaxed stomachs, and knees, and those plashing currents and ricochets of motion through each body and across the stage. The two evenings constituted an impressive retrospective of Brown's work. *Line-Up* (1977) shows her early blend of conceptualism and playfulness. Its complexity lies not in the individual movements but in the feats of memory and analysis involved, as phrases must suddenly switch into reverse, with new accentuations or changes of direction. Several of Brown's lasting concerns are already evident here: physical impulse and its control in time and space; co-ordination; synchronisation.

You can't miss the influence of this work on *Opal Loop* (1980) and *Set and Reset* (1983), works now well known in Britain. (*Opal Loop* joined the Rambert repertory last year.) But in these two pieces Brown developed the fluidity of motion, the release technique, that we now think of as her hallmark. These works are 1980s classics, similar and dissimilar. *Opal Loop*, that silent chamber quartet, occurs within a large square of floor space. In *Set and Reset*, the borders of the stage are as action packed as anywhere else. Dancers shimmy in or bounce off; and are seen waiting in the wings (which are translucent); David Thomson jogs down the side of the stage and is suddenly yanked back into the wings by the hidden Trisha Brown herself. In both works interaction is a theme. One dancer's leg-swing or jump bumps him into another dancer, and he finds himself bounced or swung right back, or maybe frozen in mid-air. And all so blithe. Brown herself, in *Set and Reset*, plummeting coolly backwards (to be caught at the last moiment by the excellent Gregory Lara) or casually hurling herself into Thomson's arms, was in glorious form.

In 1985, Brown described her movement of style as "the line of least resistance;" and that's how those older pieces still look. *Newark*, which was seen when new in the company's 1987 London season, seemed then and seems now like a new departure. Here there's a greater firmness of legwork and of spine, as if to offset the fluent current of motion elsewhere. Brown is not afraid to raise eyebrows. Rears to the audience, legs apart, her dancers bend over and place their hands on their buttocks. (Try that on your neighbours). But that's incidental. What's striking is how broad a range of material *Newark* covers: stasis, slow-motion or athletic tumbling; catches, hoists, or swings; dancers upright, outstretched, or upside-down.

New to Britain is the 1989 *Astral Convertible*, a marvellous work that somehow happens to cover another wide spectrum of movement. Robert Rauschenberg has placed several light installations on onstage trolleys; Richard Landry's taped score includes noises of traffic and zoo. It begins with dancers in rows on left and right, lying face down on the floor, and throughout it features casual contortions and angularities, in which dancers stand or lie at ease, with limbs or torsos positioned at improbable angles. Such is the choreography's dream logic, however, that contortion never seems the point. The whole work, for nine dancers, is full of surprises. I am impatient in particular to see again one long male-female duet. At first she falls, is caught, walks, falls, is caught, is picked up by the shoulders or by the waist; soon, she picks him up, bends him like a dummy, bounces him like a toy, picks him up – can you imagine? – by the ankle and forehead. This duet, unusually dramatic and suggestive for Brown, seems to me as great as anything she has yet made.

Alastair Macaulay

Jean-Claude Eloy

ALMEIDA THEATRE

Eloy is best known here for his cycles of electro-acoustic music, spans of sound of seemingly interminable proportions. Born in 1938, he began as a fully-paid member of the post-Boulez generation of French composers, a contemporary of Gilbert Amy and Betsy Jolas, but he has gone on to find his own distinct and unclassifiable way, introducing elements of eastern musics and instruments into his music alongside increasingly elaborate electronic techniques.

At the Almeida on Wednesday Eloy introduced three of his his recent pieces, woven into a single 100-minute span, andbelonging to two distinct projects. *Galaxie I*, for tape alone, is part of a 200-minute work (undated in the programme – the Almeida is not good at that kind of thing) that goes under the collective title of *Anahata*, a mixture of electronic composition *pure et simple* and *musique concrète*, with all kinds of eastern sound artefacts providing the raw material.

Galaxie emerged as an impressively sustained piece of sonic engineering, full of complex textures into which the ear could delve at length, and with a satisfying curve of development. Certainly it was more convincing than the two samples of Eloy's cycle-in-progress that followed it: *Liberations* seems to have socio-political overtones, with each element focussing upon a historic female figure, from Sappho and the Japanese courtesan Butsumyoe (in the two pieces performed here) to Rosa Luxemburg and Simone Weil.

Both consisted essentially of an extended vocal solo, the first, *Butsumyoe*, a narrative accompanied by a second female vocalist who shrieks and echoes her partner as well as punctuating the litany with exotic percussion, the second, *Sappho Hiketis*, a montage projected over an electronic tape with the second singer providing a counterpoint and reinforcement. Some of the sounds are strange and unearthly; the vocalists, Yumi Nara and Fatima Miranda employ a range of techniques (spiralling two octaves above the treble stave) that are well beyond the ken of most contemporary performers. But the final result seems negligible; after an hour of these pieces there is no enlightenment, no revelation; Eloy has immersed his work so deeply in its own technical and literary background that any ability to communicate has been utterly snuffed out.

Andrew Clements

Little Women

CRUCIBLE, SHEFFIELD

Meg, Jo and Beth March are not really girls as they are played here; only Amy, who tells us she is "Almost in my teens," is specifically young to look at (and listen to). The others are feminine characters who must behave in the way growing young feminine people behave, and they need not look their age. Jo, a salient example, is 15, but now and then she behaves as if she were 10 years older (pride in her newspaper story) or five years younger (the midnight weep over her shorn hair). When this happens, that is how she looks.

The adaptation by Clare Venables (whose last production this is at this theatre) clearly depends on a deep devotion to Louisa May Alcott's novel. On the night I went, a packed house must have held ten women to each man. Ms Venables uses Bunyan as a valuable collaborator. The company enters singing "He who would valiant be," and Marmee's Christmas presents to her daughters are all copies of +Pilgrim's Progress+. Characters take turns in reading passages that illuminate the events, for it must be admitted that the plot is not in itself dramatic, even if the characters are. The switches to Bunyan cause notably little sense of interruption.

Apart from Jo, who is attractively played by Annette Fraser, none of the characters calls for much depth. Julie Eccles has a sleeping devil of vanity in her Meg, which lets her down at the New Year's party when the Moffats take advantage and make her look a clown. Kathleen Christof's Beth shows an evident gift for pathos even before she catches scarlet-fever from the Hummels' dying baby. I would have liked to see her playing the baby-grand piano Mr Lawrence gave her (lowered from he flies!).

Mrs March, or Marmee, is everybody's ideal mother. Ann-Marie Gwatkin's Amy is so truthfully a tiresome child that I wonder how the director coped with her. Ian Jeffs as boy-neighbour Lawrie and Stanley Lloyd as his aged grandfather register their presence well, but neither Ms Alcott nor Ms Venables has given them anything exciting to do. There are 24 in the company, plus seven out of a team of 13 reserve children, but many of them would be wrong to draw special attention to what are little more than punctuation marks.

Michael McCaffery directs on an empty stage, where Paul Edwards's design offers only a red sofa doing nothing much in a far corner, and a small model of the Marches' house that sinks into the stage without performing any function of its own. The vast Crucible stage looks rather empty sometimes, and I would have welcomed an occasional increase of pace.

The main characters are so properly drawn, however, the reminiscences of the novel so affecting, that I reckoned the production a deeply gratifying one with which to signal Ms Venables's farewell.

B.A. Young

Roberta Alexander

WIGMORE HALL

Why are the songs of Charles Ives not performed more often? With their anarchic music and wide-eyed humorous poetry, often written by Ives himself, they can be marvellous entertainment in the hands of a singer who can bring them off. The American soprano Roberta Alexander certainly can and also sports a mean talent for whistling, to judge from one of the pieces in her recital at the Wigmore Hall on Wednesday.

This singer has a voice that is well supplied with colour and personality, even if its mechanism does not always work as it should. There are times, especially if she is singing quietly, when the production of the tone seems to get caught in the cog-wheels, resulting in an uncomfortable tearing sound. No damage appears to be incurred, though, and after a time one starts to accept the sound as part of a distinctive and lively instrument.

For Ives and Barber, in which she has specialised, she is ideally suited, both in voice and character. Samuel Barber's *Hermit Songs*, originally intended for Leontyne Price, may have known more luscious singing than this, but their quirky and lightly religious atmosphere was judged to a nicety. The Ives songs were even better, aware but not too knowing, hilarious in the scampering text of "Memories," genuinely touching in "Songs My Mother Taught Me."

In all her American repertoire Miss Alexander was thoroughly appealing, for she knows not to make the music too garishly overblown in recital. She was cautious, too, in Debussy's *Ariettes oubliées*, where many singers come to grief on problems of style. But negotiating the difficulties with care and feeling is not the same thing as hearing a native French singer sail through the music on bright, open tone and clear words.

The marvellous differentiation of style between Debussy and Dvořák in the accompaniments – the former liquid clear, the latter glowingly romantic – announced a pianist of real sensitivity in Roger Vignoles. With his assistance Roberta Alexander made a lovely job of Dvořák's favourite "Songs my mother taught me," no relation to the other piece above. Evidently Ives and Dvořák had mothers with very different tastes in music.

Richard Fairman

ARTS GUIDE

June 29-July 5

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman (Louise Gold takes over on July 2). Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).

Jeffrey Bernard is Unwell (Apollo). Tom Conti is the alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2663).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

Shadowlands (Queen's). Four-tissue weepie about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes both Nigel Hawthorne and Jane Lapotaire into the awards stakes. William Nicholson's play is irresistibly emotional. Elijah Moshinsky's direction is superb (734 1166/439 3849).

The Wild Duck (Phoenix). Peter Hall's revival of Ibsen's tragi-comedy champions the great Norwegian's humorous potential. Alex Jennings, David Threlfall and Nichola McAuliffe head the cast (071 240 9661).

Absurd Person Singular (Whitehall). Robust revival of early Ayckbourn comedy, directed by the master himself, about three couples at Christmas in three kitchens over three years. Moira Redmond, Richard Kane and Lavinia Bertram on fine form in a production which confirms Ayckbourn's early bleakness (071 867 1119).

Henry IV (Wyndham's). Pirandello's cat's cradle of fantasy and reality, identity and time in a production by Val May the sobriety of which belies its pre-production hijinks. Sarah Miles left the cast, but Richard Harris stayed to give a star performance as the nobleman who thinks he is an 11th century king (071 867 1116).

New York

Cat on a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' production.

Grapes of Wrath (Cort). The Steppenwolf company's interpretation of the Steinbeck epic novel has taken a long time to reach New York from Chicago; the wait was worth it, with the 1930s brought alive in its squalor as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's adaptation.

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

Starlight Express. Andrew Lloyd Webber's roller-skating musical slides into Washington on its national tour. Ends July 14. Kennedy Center Opera House (467 8700).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

The Gospel at Colonus (Goodman). The season concludes with a visit from this widely toured spirited version of Sophocles, set in an Afro-American Pentacostal church. Ends Aug 12 (443 3800).

Tokyo

South Pacific. Emile Belcourt and Gemma Craven lead the cast from the recent London revival of the Rodgers and Hammerstein musical. Koseinenkin Hall (587 5441).

Kabuki. Kabuki-za (541 3131). The matinee at 11am is a mixed programme that includes a spectacular lion dance, while the 4.30pm performance consists of the even more spectacular full-length play, *Tenjuku Tokube*, featuring magic and mayhem with kabuki superstar Ennosuke, master of the quick-change routine. Excellent earphone guide in English and English-language programme. Meanwhile, the National Theatre (265 7411) has a "kabuki classroom" that consists of a lecture demonstration (with earphone translation into English) followed by a performance of *Kazu no Ha (The Fox Princess)* – an excellent introduction to kabuki. Opens Wednesday.

Noh. Atsumori, a play written by the 14th century noh master, Zeami; preceded by a kyogen comic interlude. With explanation (in Japanese only). National Noh Theatre. (Wed at 1pm) (423 1441).

SALEROOM

Speculation slows down

One of the strongest growing markets in London has been for post war and contemporary art. Hughes Joffre of Sotheby's has built up a department that has seen record prices and record totals for European contemporary auctions over the last two years. This season's main sale yesterday was the best to date in terms of quality. It also realised a total of £12m, a figure up on both June and December. But the unsold total was also up, reaching 30.9 per cent. The market europhoria – or should I say speculation? – seems to have waned.

Joffre claims to have got his estimates 70 per cent right. That may explain why only one of the three works deemed to be worth a million reached their reserve: a Dubuffet of 1961, which went to Japan for £1.045m. The artist's "J'Accours" failed at £850,000, as did a Francis Bacon study for a portrait.

There were also great successes. A large, early Lucien Freud of a man smoking made an auction record of £660,000, the only lot bought by an American. A major work by the German artist Wols, a rare event on the market, was secured by a Swiss bidder for a record £583,000. His last canvas at auction had gleaned £115,000 in 1984. "Souterrain" by the Portuguese Maria-Helena Vieira da Silver doubled expectations by going to a French collector for a record £495,000. Antonio Saura's "Femme Chat" made yet another record, £110,000.

No market darlings appear to have been usurped. Dubuffet sold well and on target (apart from the "top" work) to Swiss and Japanese. All the Tapies sold, as did all the Fontana, despite the recent dramatic run of failures in Paris and Milan. Poliakoff is one artist who appears to be loosing support.

Cheery news from Christie's. Old Master prints were very well received yesterday, with particularly rare or fine impressions doubling expectations. The sale totalled £957,880, with a healthy 91 per cent sold.

Susan Moore

FINANCIAL TIMES

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Friday June 29 1990

Limits of liberalisation

THE OECD does not merely record the new global consensus on economic policy, it is one of its progenitors. Once associated with the Keynesian approach to economic management, it now states that "a steady monetary policy is needed to anchor expectations", while emphasising the place of structural reform in securing economic progress.

The latest Economic Outlook, along with its supplement on structural reform, bears witness to the triumph of these ideas and the success of those countries that have put them into practice. But these documents also reveal the dangers inherent in their inconsistent and hesitant application.

The OECD does not subject the new conventional wisdom to any searching questions. This is neither surprising nor reprehensible. It is difficult to argue with success. Economic growth in the OECD countries is expected to be close to 3 per cent this year and next. Thus, on the OECD's present forecasts, 1990 and 1991 will be the eighth and ninth years, respectively, of sustained growth in its member countries.

The countries of eastern Europe, including the Soviet Union, along with many developing countries – most recently Brazil – are no longer even trying to argue with results like these. They have seen what in terms of the history of economic thought must be regarded as the past – and it works. On the bicentenary of Adam Smith's death, his ideas are orthodox once more.

Yet their application leaves much to be desired. One concern is inflation. While monetary policy has been tightened, inflation of 4½ per cent must be regarded as unacceptable. What would Adam Smith have said of a rate of inflation that will reduce the value of money eighty-fold within a century?

Policy mistake

A small policy mistake or a shock could too easily push inflation to uncomfortable levels once more. That, in turn, would demand another bout of painful disinflation. But markets may legitimately doubt whether governments would have the resolve, one reason being financial fragility. On this fear the OECD stresses that "concern about financial-market effects on the real economy has to reach very high levels before it would seem warranted to divert monetary policy from its medium-term objective of price stability."

Moral hazards

The OECD is right, but it cannot remove the doubts. The world is suffering the consequences of ill-conceived structural reform. It was foolish to liberalise a financial system that remained riddled with government-mandated moral hazards.

The malign consequences of ill-conceived financial liberalisation are not only to be seen in the present financial fragility. The OECD analyses nine areas of reform – finance, foreign direct investment, taxation, competition, labour markets, the public sector, industry, agriculture and trade – and notes that the main exceptions to the process of reform have been the last two, precisely the areas on which Adam Smith focused his attention.

Why has trade not been liberalised? One reason is that policy makers failed to realise the effect of financial liberalisation on capital flows from high-saving to low-saving countries. This natural result was, instead, condemned and became both an excuse for protection and a focus of international conflict. The OECD Report itself uses the label "imbalances" for such natural capital flows. The absurd structural impediments initiative, in which the US and Japan are currently embroiled, is another witness to the failure to relate the left hand of financial liberalisation to the right hand of trade policy.

The priorities have been wrong. Financial liberalisation is probably less economically important than trade liberalisation; it certainly cannot proceed indefinitely without it, since debt must be serviced through trade. Furthermore, trade liberalisation by the major OECD countries is a necessary condition for successful liberalisation in the rest of the world. So long as "structural reform" in OECD countries coincides with growing protectionism both its benefits and its permanence must remain doubtful.

Break-up of an empire

A FULL engagement between the right and left wings of the Communist Party of the Soviet Union is promised for the party's 28th Congress next week.

For if "left" and "right" have lost meaning in large parts of the developed world, and in the post-communist states of eastern Europe, they still retain it in the USSR. The revolution of 1917 was a victory for the Russian extreme left. Marxism Leninism was designed to release the forces of history from their capitalist/nationalist/feudalist bonds: to ensure the triumph of the working class through a monolithic party; and to stimulate socialist revolt. It is impossible to rewrite Lenin into being a pragmatic social-democrat (in the modern usage of the word), even though Mr Gorbachev and his publicists have tried hard. Those who will oppose him most vigorously at the Congress have better claims to be Lenin's heirs than he does.

In three main areas, the Leninists have full cause of outrage. First, Mr Gorbachev has presided over a drastic decline in the power and authority of the party. The draft policy statement for the Congress, published on Wednesday, rejects the primacy of any party or class.

Second, Mr Gorbachev appears to have plumped for radical market reform, including the right to private property. The direction of the President and his council is clearly to the right: the draft statement, for example, downgrades central planning to "devising strategies for economic development". Last November's government programme, of reliance upon the command economy, is seen to have failed: the only alternative left to the reformers is promotion of market forces, including price rises, deregulation, higher foreign investment and an end to job security.

Striking effect

Third, Mr Gorbachev and Mr Eduard Shevardnadze, his Foreign Minister, ended two years ago the doctrine of pursuing the "class war" internationally. The most striking effect has been the liberation of much of eastern Europe: and there, the Soviet stance was not so much hands off as active encouragement to the liberal elements in these states' communist parties – and, when they proved unable to lead reform, ready acceptance of their successors' regimes. General Makashov, commander of the Volga-Urals military district, told the conference of the Russian Communist Party that the Soviet army had been driven from countries which "our fathers liberated from fascism", and declared it would not be so treated in the Soviet republics. He was wildly applauded.

Rebellious republics

Popular opposition to these vast changes will vary: it is not clear how many want the Communist Party to retain political monopoly (polls have shown a minority, albeit a sizeable one); not clear, either, how far they regret the "loss" of eastern Europe, or of expensive and rebellious republics. The left wingers are on their surest ground when they oppose economic restructuring: the fear and insecurity which that has engendered, taken together with more inchoate feelings that the Soviet Union has lost international prestige and that society has lost a guarantor of order, could mean the left gaining in stature and popularity.

Western countries, in particular the Community states this past week, have thought how they can support the right-wing tendency in Soviet politics. They can do so, as they already have, by making clear that German unification will be effected in such a way as not to damage Soviet interests: that eastern European states will not be co-opted into the anti-Soviet alliances which the left-wing generals fear: and that western economic assistance – tied to real reform – will be available. Beyond that, little can be done: the pent-up forces must slug it out.

The comforting thought is that there is nowhere for the left to go in the world. Their enemies are within: irredentism is barely possible, even in the fantasies of the most furious general. This is not Weimar Germany, avid for a redress of wrongs and ultimately capable of wreaking terrible vengeance. This is the last empire, breaking up.

David Marsh on the challenges facing the Bundesbank on the eve of monetary union

Caught in the political crossfire

From July 1 1990 the Bundesbank has 16m more reasons to care about stability." So starts the message from Mr Karl Otto Pöhl, president of the West German Bundesbank, in a coloured eight-page brochure on the D-Mark being distributed to 8.3m households in East Germany ahead of German monetary union this weekend.

The reference to the number of East Germans coming under the Bundesbank's monetary aegis at midnight on Saturday gives just one indication of the extra challenges facing Europe's most powerful central bank.

Less than five hectic months after Chancellor Helmut Kohl's proposal in February to extend the D-Mark eastwards, one of the furthest-reaching currency conversions in history is under way. Well-guarded lorries have been transporting across the border DM25bn in notes and coins in preparation for Sunday's replacement of all East Mark assets and liabilities by the D-Mark.

The transfer to the Bundesbank of monetary sovereignty over an area of Germany run on totalitarian lines since Hitler's takeover in 1933 is an essential precondition for the introduction of market economics east of the Elbe. In the prelude to full political union, now looking likely with all-German elections in December, the main elements of West Germany's fiscal, social and legal systems will also cross over at the weekend.

The introduction of the D-Mark has severely tested relations between the statutorily independent central bank in Frankfurt and the Bonn Government. The Bundesbank has been closely associated with drawing up the monetary union treaty which comes into force on Sunday. But the path has been marred by discord with the Government.

More than once, the Government failed to consult the Bundesbank on time over the terms of GMU. Bonn softened the Bundesbank's proposals for a two-for-one East Mark/D-Mark conversion rate. In May, the Finance Ministry was also a day late in notifying the central bank about a decision to set up a special fund to borrow DM95bn to finance the unity process outside normal budgetary procedures.

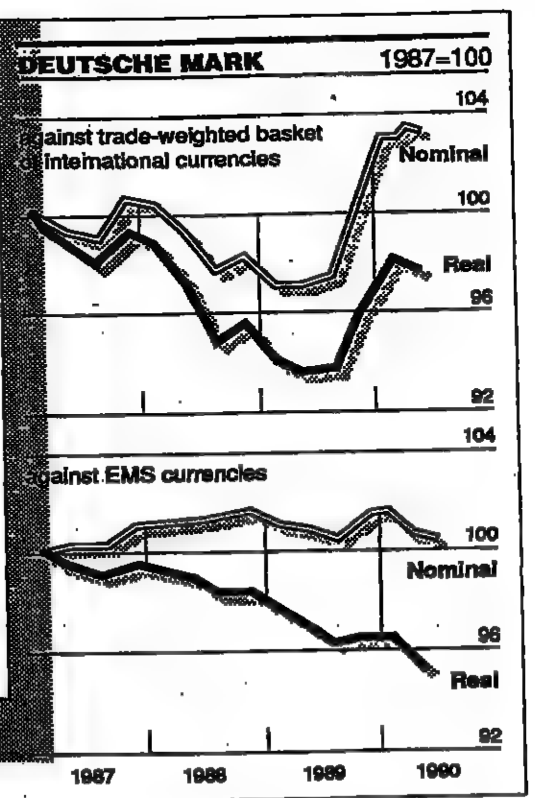
Although he is now confident that the Bundesbank is in charge of the monetary change-over, Mr Pöhl admits that he erred in under-estimating the political momentum behind the unity process. After Mr Kohl's initial surprise announcement on February 6, the Bundesbank chief seriously considered resignation – though he quickly rejected the idea.

The more extreme perceptions abroad of a serious weakening of the Bundesbank's independence have certainly been exaggerated. But doubts on financial markets about the possible inflationary effects of currency union have driven up capital market yields and depressed the D-Mark, especially against European currencies.

Looking at the rise of well over 1 percentage point in long-term D-Mark interest rates since the start of the year, one of Mr Pöhl's colleagues on the Bundesbank's seven-man directorate says: "If they (the Government) don't consult us, the result is more expensive." He sums up the general surprise at the speed of events: "If, nine months ago, someone had told me that by July next year we would have currency union with East Germany, I would have said he was mad." The Bundesbank knows that psychological fall-out from the differences with Bonn could have an impact on EC talks at the end of the year over European Monetary Union.

The denting of the Bundesbank's image has not, however, turned it into a pushover for Europe's monetary federalists. If anything, the setbacks have stiffened the Bundesbank's determination that plans for a common European currency and central bank must be unambiguously based on anti-inflationary rectitude.

Karl Otto Pöhl, President, West German Bundesbank



For years, the D-Mark has been increasing its importance as a parallel currency throughout formerly communist eastern Europe. Including its role as the pivot of the European Monetary System, the scope and influence of the D-Mark extend across an area bigger than the old Holy Roman Empire. The D-Mark is established as the world's most important reserve currency after the dollar. Foreigners' D-Mark holdings amount to about DM800bn; the US Treasury now owns D-Mark reserves of DM40bn.

Both Mr Pöhl and Mr Theo Waigel, the Finance Minister, have been playing down the Bonn-Frankfurt strains, arguing (with justification) that they sorted out the main disagreements several weeks ago. There is, however, no denying that passions have been running unusually high.

One of the most outspoken of the presidents of the 11 West German regional central banks, who together with the directorate make up the Bundesbank's unwieldy 18-man policy-making council, complains that the Government has been following "Neanderthal" economics over GMU.

Another senior Bundesbank man fumes that Bonn officials should have a joint interest with the Bundesbank in maintaining confidence in the D-Mark. "Some do not have this. They are really stupid," he says, and hints that the Government's insouciance could have a price: "If confidence in the D-Mark really suffered and the Bundesbank had to raise interest rates by three points, then it would be a political affair." One top Finance Ministry official, closely connected with GMU negotiations, points out that Mr Pöhl, his deputy Mr Helmut Schlesinger, and Mr Hans Tietmeyer, the new Bundesbank director for international affairs (who doubled as Mr Kohl's personal adviser on GMU), "have agreed every line of the (monetary union) treaty."

But he admits: "We cannot make the political process dependent on every member of the central bank council giving their opinion first. If we did that, monetary union would not take place in 100 years."

Foreign bankers have been venting discreet *Schadenfreude* over the Bundesbank's discomfiture. The Bundesbank suspects that some foreign currency dealers have been feeding the market with additional rumours of Bonn-Frankfurt strains to profit from ensuing D-Mark volatility.

One former top official of the Bank of England says: "What annoys them (the Bundesbank) most is the feeling that people no longer think they are so bloody wonderful. Like any other central bank, they can be pushed around by the politicians."

With an eye on the coming EMU talks, he adds that the tussles will increase the Bundesbank's opposition to proposals which dilute its power. "In areas where they can resist, they will be anxious to re-establish themselves in any way they can."

That is just the way Mr Pöhl sees it. The Bundesbank's independence is enshrined in Article 12 of the Bundesbank Law, which says that "it shall not be subject to instructions from the federal government." Mr Pöhl knows independence has limits: "We are not an alternative government."

The Bundesbank's statutory obligation to "safeguard the currency" covers monetary policy. Mr Pöhl stresses the area in which the Bundesbank, in contrast to central banks abroad, does enjoy untrammelled power: "The central bank council can decide if interest rates are raised or not. In England, this is decided by the Treasury," he says.

But Mr Pöhl accepts that the Bundesbank cannot determine the political framework in which monetary policy is carried out. Most notably, decisions on D-Mark revaluations – a frequent subject of controversy between Bonn and Frankfurt – are made by the Government. Suspicious of the DM95bn unity fund borrowing, Mr Pöhl has told Mr Waigel that Bonn is relying too much on public sector borrowing rather than spending cuts (and, possibly, tax increases) to finance the costs of unity.

But, with the old East German central bank on the way to liquidation, the Bundesbank will have monetary control in East Germany from July 1 – one of the crucial conditions for the D-Mark takeover. In European Monetary Union, this question of control could look different. Up to now, Mr Kohl has backed the Bundesbank's insistence that the mooted European central bank must be independent and geared to currency stability.

But Mr Pöhl is alive to the possibility that this commitment could be weakened by political bargaining. A foretaste came with Mr Kohl's April agreement with President François Mitterrand – negotiated without the knowledge of the Bundesbank – to introduce European Monetary Union by January 1993. Mr Pöhl is also sceptical whether a European central bank set up through political compromises will be independent.

Mr Pöhl points to the key difference between EMU and GMU. In European Monetary Union, the D-Mark will ultimately be replaced, not extended. As the European negotiating process gets under way, another trial of strength with the Government is looming. It remains to be seen whether the Bundesbank will have the political clout to weather the fray.

Pöhl puts history first

Mr Karl Otto Pöhl is an urbane 60-year-old who carries lightly his authority as the world's most senior central banker, writes David Marsh. He is not used to being caught wrong-footed by the politicians. So the events of Tuesday February 6 came as a shock to him, as well as to the international financial markets.

Speaking to reporters in East Berlin after talks with Mr Horst Kaminsky, the head of the Staatsbank, Mr Pöhl dismissed the idea of imminent monetary union, saying that step-by-step convertibility of the East Mark should come first. Unknown to Mr Pöhl, on the same afternoon in Bonn, Chancellor Helmut Kohl spelled out before the press an offer for "immediate" negotiations on monetary union with East Germany.

When he heard the news later in his West Berlin hotel in a telephone call from Mr Rudolf Seiters, the Bonn Chancellery Minister, an angry Mr Pöhl seriously considered resignation. However, he quickly rejected the notion of stepping down over a "protocol" matter at a time of historic significance for Germany.

Instead, he headed off on Tuesday evening for Bonn to attend a cabinet meeting on GMU called for the next day. One minor inconvenience: he had failed to pack a clean shirt for the extra night away from home.

The previous day, Monday, Mr Pöhl had spoken for half an hour on the telephone with Mr Kohl, who gave him a gloomy account of East Germany's economy after meeting Mr Hans Modrow, the East German Prime Minister, in Davos at the weekend. Mr Pöhl also talked with Mr Theo Waigel, the Finance Minister, in Bonn, for about two hours, accompanied by his deputy, Mr Helmut Schlesinger. On neither occasion did the politicians tell Mr Pöhl of any plan for immediate currency union.

Mr Kohl's decision, in fact, was made at a meeting with coalition leaders on Tuesday morning in Bonn. Mr Waigel later excused the failure to contact Mr Pöhl straight away on the grounds that telephone lines between Bonn and East Berlin are perpetually overloaded.

A senior continental central banker who knows Mr Pöhl well – and who believes that the harm done to the Bundesbank's position in the past few months has been more apparent than real – comments of the February episode: "He (Mr Pöhl) has the reputation of being extremely sensitive to political developments. It is in this context that his reputation has suffered."

A close Bundesbank colleague explains the reasons for his boss's anger: "Pöhl always looks so relaxed. But he is not really. He is very thin-skinned."

Stopping art theft

■ Here is a job offer that might interest someone looking for a change and a challenge: provided, that is, that he or she has some knowledge of the arts, the fine print of the insurance world, detective work and preferably a few foreign languages thrown in.

For the visual arts and insurance sectors may have finally joined forces with some cooperation with the police authorities worldwide. The International Art Loss Register is about to be launched as a company and is seeking a managing director or chief executive.

The idea goes back a couple of years when it became clear that there was a sporting chance of getting away with art theft. Marcus Linell of Sotheby's and Julian Radcliffe of Hogg Robinson decided that there must be a way of preventing stolen works from being handed on. "The best way of finding them is when they change hands," says Linell. "That is a very short period."

More easily said than done. First of all, it depended on the dealers agreeing to work together. Then the task will depend on the record of a stolen work being put immediately onto a computer. The art world itself will have to become computerised to deal with the challenge. The underwriting world will have to be fully on board – Linell says that this has been achieved. And so will the police, who have admitted that so far there has been little that they can do about tracing stolen works of art. In future the police will be tied in to the computer network.

Offices of the International Art Loss Register will open simultaneously in London and New York, probably early next year. After that there should be offices in Paris, Geneva, somewhere in Germany and Los Angeles.

Meanwhile, the search is about to begin for someone to run it. According to Linell, they are looking for someone around 35 ready to travel and to talk to the police forces. Salary will be about £60,000 a year, plus benefits, which seems to me remarkably low when you think of the benefits that prevention of art theft could bring. At the very least, there should now be a sporting chance of discovery.

OBSERVER

Truly British

■ Dun & Bradstreet is displaying a number of items which it considers to be quintessentially British. The town (as opposed to the country) section includes framed prints depicting Horseguards Parade and Parliament Square, a model of Horseguards Parade, a programme of Trooping the Colour, a Harrods van, a London bus and a copy of the Financial Times.

Irish crowds

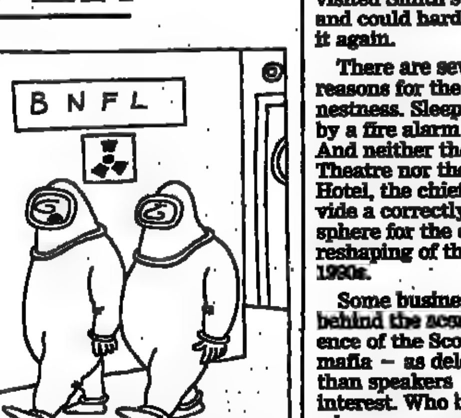
■ The Pope was at his most diplomatic when he met the the Irish football team in Rome. "My best wishes to you," was as far as His Holiness went in offering encouragement to the Irish team.

There is less diplomacy elsewhere as Ireland prepares to meet Italy in the World Cup on Saturday. The Irish are angry about the ticket arrangements. Out of 80,000 seats available, the Italian authorities allocated only 2,000 to Irish supporters.

After official pressure from Dublin, this has been increased to 6,000. Nevertheless, up to 20,000 Irish fans are are expected to crowd into Rome.

One person without ticket problems is Charles Haughey. The Irish Prime Minister will be going to Rome for the game and, in a show of Irish unity, has invited the leaders of the opposition parties to accompany him.

He is due back in Dublin at 2.30 am on Sunday in order to receive Nelson Mandela at 8 am.



"We supply the power to Cecil Parkinson's desk-top calculator."

Still Smith

■ The weather has perked up at the Adam Smith Festival in Edinburgh: breezy sunshine after the humid conditions on Wednesday. But it is still not festive.

For a start, no delegate has yet risen to Observer's challenge to find an Adam Smith joke. Here in London we have had a contribution from Tim Smith, the Tory MP for Beaconsfield (no relation). It is about what Smith (A) had to say on potatoes, but even Smith (T) admits that it is not really a joke.

In Edinburgh there is a power problem. The delegates between them probably represent a greater sum of money than the Scottish gross domestic product. Still, they pay the odd homage to the patron saint. Dr Koji Yamazaki, the IMF's executive director for Japan, said that he had already visited Smith's tomb twice – and could hardly wait to do it again.

There are several possible reasons for the prevailing earnestness. Sleep was disrupted by a fire alarm at the Sheraton. And neither the Royal Lyceum Theatre nor the Caledonian Hotel, the chief venues, provide a correctly dynamic atmosphere for the economic reshaping of the world in the 1990s.

Some business is being done behind the scenes. The presence of the Scottish banking mafia – as delegates rather than speakers – is arousing interest. Who breakfasts with whom arouses even more.

William Purves, chairman of the Hong Kong and Shanghai Bank, Howard Macdonald, his counterpart at NatWest Investment, and David Band, chief executive at BZW, are presumably not in Edinburgh to discuss the invisible hand.

And what was Gerry Corrigan, head of the New York Federal Reserve, discussing over croissants with Haruko Fukuda, director of Nikko Securities, and Moreen Qureshi, the senior vice president of the World Bank? It was the wealth of nations with small letters: the implications on world savings of President Bush's new economic plans for Latin America, announced on Wednesday.

End of joke

■ Visitors to the town of Sligo, in the west of Ireland, will chuckle no more. Argue & Phibbs, the local solicitors, is changing its name. Although Messrs Argue and Phibbs ceased practising 50 years ago (the office was once in a street called Robber's Row), the name continued. The two solicitors who now control the firm have finally decided it is time to close the case on what has been one of Sligo's longest running jokes.

POLITICS TODAY

Thatcher cast adrift on the Brussels tide

Britain's ability to kid itself about the true nature of the European Community is practically infinite.

Most of us know that Germany and France, in that order, will run the EC for the rest of this century, and possibly beyond. Only those with superhuman powers of self-delusion believe that there is any escape from Europe's seemingly invincible duopoly, except in the unlikely event that the liaison is dissolved during the next year or so. We can console ourselves by observing the growth in the proportion of community business that is conducted in English. Fine. Our linguistic advantage is worth something. But the economic reality is of greater weight. We are stuck in the EC as it is being fashioned by Bonn and Paris – and we have only one option, which is to try to make the best of it.

This is not the fault of the British Prime Minister alone, although her celebrated manifestations of Little Englandism have contributed mightily to the cementing of the Franco-German alliance. Over the years she has managed to convince the leaders of both countries that Downing Street's tantrums will always be followed by a last-minute signature on the dotted line. As a result it is no longer accurate to say that the British Government is isolated within the EC. It is, rather, ignored when there is serious business and patronised during the dinner breaks. Chancellor Helmut Kohl uses the first of these techniques on Mrs Margaret Thatcher, while President François Mitterrand practises the second. By all accounts this is what happened at the EC summit in Dublin on Monday and Tuesday.

The Prime Minister's good behaviour at that summit had more to do with domestic politics than any newly enlightened perception of how to pursue British interests inside the evolving EC. To explain this we need go back no further than October, when the former Chancellor of the Exchequer, Mr Nigel Lawson, resigned. The personal-squabble details of that resignation are already submerged in a cloud of disinterest. Historians will presumably concentrate on the substantive question. It is still with us: will Britain become a member of the Exchange Rate Mechanism of the European Monetary System.

This, as we all know, is followed by other questions, to do with Britain's participation in the proposed European central bank, or its acceptance of a single European currency (i.e. the D-mark), or its acquiescence in that undefined notion called European political union? Every one of these questions is a throwing-knife, with the potential to reach the heart of the Conservative Party.

When Mr John Major became Chancellor in sudden succession to Mr Lawson he perceived that his first task was to settle the party down. This was not hard to see: Conservative disarray, and the Labour lead in the opinion polls, increased at an alarming rate for most of the six months following his arrival. In consequence, Mr Major's principal contribution to the management of the Treasury has so far been an almost exclusive concentration on the politics of every decision. His Budget went some way towards calming the back-benches. His steady series of hints about joining the ERM have taken the process a stage further.

The Chancellor's personal motivation is to reach the top of his profession, but he regards himself as too young and inexperienced to succeed Mrs Thatcher before the next election. It is therefore in his own interest, and arguably also in the interest of the party, to prevent a split, since that would probably be followed by a serious contest for the leadership later this year. If these events do come to pass, then Mr Major, like the other not-yet-ready contender, Mr Christopher Patten, will doubtless back the Foreign Secretary, Mr Douglas Hurd, as an interim leader.

These are the primary considerations behind the long-running fable of how Mr Hurd and Mr Major have cajoled Mrs Thatcher into near-acceptance of the ERM. They have weathered her increasingly wilful temperament for the sake of the party and, as a bonus, their own futures. The distance they have travelled is, however, more a consequence of her domestic political position than theirs. The Thatcher-Major adaptation of a proposal for a 13th currency based on the European currency unit was designed to calm the nerves of both the Tories and their leader in advance of the Dublin meeting. Mrs Thatcher accepted because the matter at issue is survival. Divide the party and she is gone. When Labour's lead was 20-plus percentage points the prospect of a leadership contest loomed larger than it does today. Yet it has not gone away.

In contemplating such a contest the Prime Minister need not fear the anti-Brussels brigade. This is composed of her most passionate admirers, who will follow her wherever she goes. The danger is among pro-Europeans and, latterly, with the average party hack, who understands little about any of it but who has become dimly conscious of the fact that business favours European economic integration and is broadly indifferent to the political consequences.

She is also aware of the appeal to many party workers of Mr Michael Heseltine. As she was returning from Dublin on Tuesday, he was addressing the Bruges Group in London. Without notes, he had a full house of anti-Brussels campaigners listening hard. His message was that the realities of the global economy impel Britain into full-hearted membership of the EC. Outside it, the City would lose its financial appeal, inward investment would dry up, and manufacturing industry would find its markets circumscribed. As to the political and bureaucratic implications, he argues that we would be better off on the club committee than as ordinary members – but to get on the committee you have to be seen to be in sympathy with the club's overriding purposes.

Many people criticise Mr Heseltine for his ambition, his ability to buy in intellectual support, his public relations techniques, his *dirigisme*, and numerous other perceived imperfections. Let us say they are right about all of it. What is left is still the only serious politician in Britain who attempts to proclaim a coherent vision of the EC and Britain's place inside it.

His chances of capturing the Tory party have, however, receded as the the Hurd-Major efforts at steadying backbench nerves have begun to work. Mrs Thatcher must fear him less today, since the Labour lead in the opinion polls is half what it was two months ago. The problem for the Tories' Europeans is – what does she do if the poll lead narrows still further? It would be very costly for her to retreat on the ERM now, since the markets are insisting on entry. Yet if she feels her political strength returning, she will be sorely tempted.

Meanwhile the Conservatives are enjoying an open season on European debate. The Trade and Industry Secretary, Mr Nicholas Ridley – still a Thatcher favourite – appealed to the Bruges, anti-Brussels spirit in his recent speech to the Bruges Group on June 5. Casting aside his earlier federalism, he advocated an enormous free trade area, stretching from the Atlantic to the Urals. The Deputy Prime Minister, Sir Geoffrey Howe, is continuing his persistent series of speeches to the effect that when Mrs Thatcher talks about the sovereignty of the British Parliament she is talking nonsense.

The most recent exposition of this view, not put in quite that way, was his elegant London School of Economics alumni lecture of June 8. It might have attracted shock-horror headlines had Sir Geoffrey not become the Cheshire Cat of British politics, with even the vestige of a smile now rarely observed. Mrs Thatcher varies her comments between the careful official briefs, which are aimed at maintaining unity, and her inability to keep her mouth shut when she feels a contrary outburst coming on, as in her press conference in Dublin on Tuesday. (She is at her most disingenuous when she stresses the "700-year-old sovereignty" of the House of Commons, which is non-existent: she rules, and her party rubber-stamps.)

This cacophony is being banged out against a background of traditional British muddle about where it is all going. Sir Geoffrey is right about sovereignty: it is already much diluted by our membership of Nato and many international bodies such as the International Civil Aviation Organisation and the World Health Organisation – not to mention the EC, particularly after the Single European Act. In answer to worried questions Mr Heseltine pointed out on Tuesday evening that nearly every day the House of Commons passes or debates some measure or another whose origin is Brussels, via Whitehall. Membership of the ERM will further erode this sovereignty of which the English speak so much and understand so little. Britain *could* regain all the powers divested to various international bodies by withdrawing from them – if it was prepared to pay the price of becoming the western world's first totally sovereign stone-age island.

A thoughtful paper about where the EC might be heading has come from the Institute of Directors. It draws a distinction between over-centralised so-called federations like the USSR and true federations like the US, in which the states' rights are powerfully entrenched and jealously defended. The principle of "subsidiarity", the IOD argues, could lead Europe towards an over-centralised structure, since by implication what the subsidiary bodies do is subsidiary and not part of a co-equal set of powers. If you follow the argument of this paper you might end up wanting a US-style federation minus Washington's powers of taxation.

I doubt if the French would accept something as uncongenial to national pride as that, but a British Prime Minister who wanted to be taken seriously about the EC would be using this kind of analysis as the language of discussion. So, for that matter, would a leader of the opposition. Until we have someone in Downing Street who is willing and able to conduct EC debates on the proper level there will be little chance of influencing the enterprise, and none of breaking up the present, powerful, two-man management team.

LOMBARD

Home truths on housing market

By Anatole Kaletsky

Britain's obsession with bricks and mortar is the root of all economic evil. If there is one proposition that virtually the whole professional economic establishment can agree on, this seems to be it. The fusillades against home ownership pour down from dismal scientists on the right, left and centre. It was the housing boom of the late 1980s that caused the subsequent inflation and balance of payments crises. Now Britain will have to live indefinitely with the world's highest interest rates, unless politicians find the courage to attack the country's pampered homeowners.

Fortunately, this terrifying conventional wisdom has missed a crucial point: our economic problems were not caused by money going into the housing market, but by money coming out of it. In spite of the array of tax incentives for home ownership, Britain does not spend too much on housing. Far from it. At 3.5 per cent of gross domestic product Britain's investment in housing during the 1980s was by far the lowest of any OECD country. Comparative figures for the US, Japan and Germany were 4.4 per cent, 5.6 per cent and 6.2 per cent respectively. As for house prices, they rose no faster than average earnings during the 1980s, apart from the brief speculative blow-off last year.

What was extraordinary about the British housing market of the 1980s was the scale of new borrowing. Lending "for house purchase" increased from £7.4bn in 1980 to £41.3bn in 1988. At the beginning of the period 83 per cent of the lending was going into housing investment, but by the end this proportion was down to 40 per cent. The rest was "net equity withdrawal". This was the money shown as "lending for house purchase" in the official accounts, but actually spent on cars, holidays, private education and second homes abroad.

Prior to the deregulation of mortgage lending in 1980, this equity withdrawal had fluctuated between £1bn and £1.5bn annually, with no clear trend. But during the 'Roaring Eighties' equity withdrawal increased almost 20-fold, according to unpublished Bank of England calculations, from £1.3bn in 1980 to £24.5bn in 1988. The decade's total equity withdrawal of £114bn far outweighed the Government's much-vaunted public sector debt repayments – and this was the main cause of the recent disastrous credit boom.

The Government's response to this problem is to chastise the whole economy with high interest rates. The obvious alternative would be to limit equity withdrawal directly. Conventional wisdom holds this to be impossible, at least without new credit controls. But in reality it might be quite easy and painless.

The most drastic step would be to impose capital gains tax (CGT) on equity withdrawals. This would not impede labour mobility nor prove impossibly unpopular, like the extension of CGT to all profits from owner-occupied housing. However, politicians could consider a smaller and more appealing legislative change.

Why not replace the present ludicrous "health warnings" about the possibility that imprudent borrowers could lose their houses with a much more effective deterrent to excessive lending? Suppose a mortgage lender wants to evict an owner-occupier in default. The lender could be forced to show that the defaulted loan has been used for the purchase and improvement of the property – or for the repayment of a previous property loan.

Houses could still be used as collateral for equity-withdrawal, but lenders seeking repossession would have to go through a more elaborate legal procedure than genuine housing lenders. Perhaps they would be forced to accept former owner-occupiers as sitting tenants for a limited period.

This kind of procedural impediment would only deal with one kind of equity withdrawal. It would not affect the gradual cashing-in of property gains by the retiring generation. And it might seem too draconian if applied to people withdrawing equity when they moved houses. Still, it might be worth a point or two off mortgage rates – and many millions of votes.

LETTERS

'BT is not asking for privileges'

From Mr Iain Vallance.

Sir, "Cosy duopoly in telecoms" (FT leader, June 26) suggests that British Telecom will complain that too much competition would hamper its ambition of becoming the world's leading telecommunications group.

Far from it. We believe that more competition would be beneficial, both to consumers and shareholders, provided that it is accompanied by less, not more, regulation. Such a change would need to address a number of issues which are as yet far from understood.

First, the telecommunications markets of the 1990s are becoming global. The key players are as large if not larger than British Telecom. All of them have protected domestic markets.

In our view, if the Government decides to open up the market to further competition in the United Kingdom, it has a matching responsibility to ensure that British telecommunications companies have similar access to the domestic markets of their international competitors and are not hobbled in their own backyard.

Second, any structural change suggested for British Telecom in a more liberalised market needs to be based on the needs of UK consumers, and on the efficient use of technology. Your nostrum that BT be divided into separate subsidiaries for international, national and local networks flies in the face of both.

We know from extensive research that the last thing business customers want in the UK is to deal with a plethora of independent units in British Telecom in the provision and operation of their networks.

They want a "one-stop-shop" from us, and the reorganisation we are currently undertaking will give it to them. So far as the technology is concerned, in a digital environment networks are best run in a seamless fashion; the old hierarchy of local, trunk and international exchanges is obsolescent. Again, our current reorganisation moves with the tide of technology; it does not attempt to stem it.

Finally, if there is to be true competition, distortions in the current tariff structures need to be removed.

High rates of return on international calls have attracted your attention. The concomitant huge losses on the provision and maintenance of exchange lines apparently have not. Yet the present subsidy of local access to our network by profits made on calls is one of the prime reasons why competition has been slow to develop in the basic telephone service.

We are not asking for privileges in the UK market. We accept that we need to be subject to the full rigours of competition law. What we ask is that the regulatory and competitive framework is such as to encourage true competition, rather than regulated and selective substitution.

To achieve this, we hope that the Government's forthcoming review of telecommunication competition policy will look beyond the narrow confines of the UK to the position of the UK and its operators within the developing European and world markets.

We also hope that the Government will avoid any temptation to separate out the consideration of competition policy from that of regulation; one is the counterpart of the other. A pre-emptive move on international call prices, for example, without a parallel examination of the competitive effects of the exchange line subsidy, would in our view be unduly discriminatory.

Iain Vallance,
Chairman,
British Telecom,
British Telecom Centre
81 Newgate Street, EC1

Foreign investment in Hungary

From Mr Charles Lillis.

Sir, I would dispute one of Mr Nicholas Denton's conclusions ("Hungarian funds slow to place investment cash" June 20).

With more than $200m raised by funds for investment in Hungary, he asks: "Is this a case of too much money chasing too few goods?" and cites Merrill Lynch's recent launch of the $50m Austro-Hungary Fund, designed to invest in listed Austrian and Hungarian equities and to be managed by Lloyds Investment Management International.

The launch of the Austro-Hungary Fund has been timed to coincide with the start of the Hungarian government's systematic privatisation programme. Officials estimate that state assets with an aggregate value of approximately $600m will be privatised in 1990 with a further $1bn to come during 1991.

It is expected that most of these assets will be listed on the Budapest Stock Exchange. The first example is the recent successful flotation of Ibusz, the state travel agency which has started trading in both Budapest and Vienna. We expect that The Austro-Hungary Fund, which will be looking to invest $25m in Hungary, will be in a particularly good position to benefit from both these official privatisations and the so-called "spontaneous privatisations" of self-governing companies.

Mr Denton cites the difficulties that previous funds, notably the First Hungary Fund and the Hungarian Investment Company, have had in finding joint venture candidates as evidence of the problems that the Austro-Hungary Fund is likely to face. We do not believe that the cases are comparable. The supply of listed equities is now clearly established and the Austro-Hungary Fund expects to play an important role in the privatisation process.

In contrast, the two previous funds have sought to participate in the establishment of joint ventures, which by their nature take a considerable time to set up and which often require greater inputs of management and other resources than finance.

The position of the Budapest Stock Exchange today is very similar, in many ways, to Jakarta's nine months ago: a small illiquid market awaiting a substantial privatisation programme. The influx of foreign managed investment funds in Indonesia has provided a catalyst to local investment and has enabled the efficient absorption of a large flow of new equity issues. We believe that the Austro-Hungary Fund and those that follow it will serve a similar function in Hungary.

Charles Lillis,
Merrill Lynch Europe,
Ropemaker Place, EC2

Perceptions of 'engineer'

From Mr Philip Varley.

Sir, As an engineering graduate who has "leaked" into finance, I read with interest Lynton McLain's article (June 15) about concern in the UK about lack of interest in engineering careers.

There are three reasons why many engineering graduates choose other career paths:

- the UK media's continued insistence in describing engineering workers as 'engineers;'
- the limited opportunities, especially in comparison with careers in the City, to advance quickly to senior management;
- the poor salaries, both in terms of progression, and in terms of absolute cash compensation, compared with bonuses and stock options handed out freely to financial managers.

A student with the ability to complete a demanding engineering degree has the ability to succeed in any numerate discipline. As a rational person, he or she will be motivated to satisfy individual needs according to Maslow's hierarchy. These needs include belonging, esteem, and self actualisation.

The first reason given above negatively affects the belonging need, and reduces self esteem, because of the public perception which associates "engineer" with non-graduate engineers. The other two reasons reduce self esteem and limit self-actualisation.

Solutions will only be found when engineering institutions take an aggressive approach to the use of the word "engineer." Perception is reality for most of us; no matter how altruistic we would like to be, ambitious graduates of engineering want to succeed – and be seen to succeed – in a material world.

Moreover, company chairmen who lament the shortage of quality engineers should look at their companies' own pay and progression scale. Far better to allow an engineer with 10 years experience to move into general management, where he/she will continue to utilise analytical skills, than to deny that opportunity because he/she is perceived as a specialist – and lose that person to another profession.

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FINANCIAL TIMES
Friday June 29 1990

Bush seeks partnership with Latin America

Peter Riddell and **Lionel Barber** examine the US plan for closer economic ties

PRESIDENT George Bush's proposal for a new economic partnership with Latin America represents in direction, if not in detail, the equivalent of a Europe 1992 plan for the Americas.

The implications of the "Enterprise for the Americas Initiative" are considerable, not only for US relations with Latin America and the Caribbean but also, more specifically, for issues such as the treatment of official debt.

The inspiration is largely political. Mr Bush and his advisers believe a fundamental change is under way in Latin America. They argue that a new generation of leaders – symbolised by President Carlos Salinas of Mexico, but also emerging in Venezuela, Chile, Brazil and elsewhere – is committed to genuine reform, to lifting economic controls, privatising and moving towards a free market.

The US wants to reinforce that change, helping to create a sense of hemispheric identity by interlocking trade, investment and debt proposals. In this respect, the plan bears the stamp of the US Treasury, which led the incubatory three-month review.

The 1992 comparison should not be exaggerated because the countries of Latin America vary economically and there is no central political framework. But there is a similar desire to offer a political statement about the region.

PRESIDENT George Bush's "Enterprise for Americas Initiative" contains the following proposals for dealing with the debt problem:

- **The Inter-American Development Bank will back the reduction of commercial debts;**
- **The US will propose legislation to permit reduction of bilateral debt obligations on a case-by-case basis for countries with International Monetary Fund/World Bank reform programmes;**
- **The US will write-off substantial amounts, in some cases more than 50 per cent, of the outstanding principal of $7bn in concessionary, generally aid, loans. The reduced principal obligations will be repaid in annual instalments over several years.**

The starting level of payments will be the same as is actually paid now in cash flow terms, a reflection of the reality that countries are paying less than they should.

The preservation of revenues will maintain current spending in these aid programmes;

- **Participating countries will make interest payments in local currency at an agreed concessionary rate. The US will place these local currencies in trust funds to support environmental and similar projects;**
- **The US will sell in the market a portion of outstanding Eximbank and Commodity Credit Corporation loans to facilitate debt/equity and debt/nature swaps into local currency, as happens with commercial bank debt paper.**

These loans total $5bn but possibly about $500m might be sold over a period.

However, for countries with a substantial amount of commercial bank debt outstanding these deals will only occur when a debt agreement with commercial banks has been completed, both to avoid disrupting the market and to provide an incentive to fix bank deals.

Revenues from the sale of these non-concessionary credits will be returned to the programmes for future lending.

The timing is linked to the summit of the Group of Seven leaders next month in Houston. Mr Bush wanted to send a message to them and to Latin America that he takes very seriously events south of the Rio Grande. This is in part a reaction to Latin American worries that western industrialised countries are focusing solely on central Europe and the Soviet Union.

The initiative also marks a sharp break from the Reagan years when Washington appeared to concentrate too heavily on the national security threat posed by insurgencies, backed by Moscow and Havana, in the region.

This threat has now receded. The election in February of President Violeta Chamorro of Nicaragua, and the agreement by the Sandinistas to yield power there, represented a watershed.

Mr Bush has acknowledged Latin American criticism that the region's heavy debt burden is not only a big constraint on economic growth but also a source of other problems, notably narcotics trafficking, of direct concern to US security.

The US President says he wants to catch the "rising tide of democracy," but there is also a clear economic motive. A decade ago, the US had a trade surplus with Latin America; now it has a near-$10bn deficit. It wants to recapture lost markets.

Indeed, while the administration stresses the importance of the Uruguay Round of trade talks, its proposals for a comprehensive free trade agreement for Latin America, and for deeper tariff cuts on specific products of interest to the region, can be seen as a fall-back move towards a regional bloc if wider negotiations fail.

The investment proposals aim to encourage capital flows and private sector involvement. For countries which have International Monetary Fund adjustment programmes and World Bank loans, the US proposes that the Inter-American Development Bank (IDB) should develop a sectoral loan programme linked to privatisation efforts and liberalisation of investment.

A separate, five-year multilateral investment fund will be set up, run by the IDB and providing grants of up to $300m annually to assist specific reforms towards a market-oriented system and attracting foreign investment.

The US will contribute $100m annually to the fund and will seek matching contributions from Europe and Japan, probably from the non-regional IDB shareholders.

This is separate from ideas floated by the US for the Group of 24 industrialised countries, involved in helping Poland and Hungary, to extend its remit to the new democracies of Panama and Nicaragua.

The debt initiative is intended to complement what the US Treasury's Brady plan does for commercial bank loans in the area of official government loans.

A senior Administration official drew the distinction between US bilateral action over its own loans to Latin America and the multilateral issues raised by the $30bn owed in official debt by Poland (of which only $3bn is owned to the US). The US concedes that its Latin American proposals will have a powerful effect on how people think about official debt.

Latin American reaction, page 5

THE LEX COLUMN

Bad debt signals from the TSB

The TSB has a much stronger balance sheet than the poor old Midland. That apart, they have a lot in common. If managed half-properly both should be very attractive recovery stocks; if not, there is always bid speculation to maintain the interest of the stale bulls. And as with Midland's profits warning of two months ago, it is easy to dismiss yesterday's miserable interim results from the TSB as of only marginal relevance to the rest of the high street banks.

The more than threefold jump in the TSB's bad debt charges to £83m may simply reflect what happens when an overcapitalised bank starts chasing market share near the top of the economic cycle. The TSB's advances have risen by two thirds over the last couple of years; its interim pre-tax profits have fallen over the same period by 17½ per cent to £175m and retained earnings have dropped by 60 per cent. Were it not for its surplus capital this bank would be facing serious difficulties, given that its costs have risen by around a third over the period.

Other institutions have tried the same sort of massive restructuring as the TSB with mixed success. Nevertheless, its insurance business is prospering and any drop in interest rates could restore the profitability of its £6bn mortgage portfolio. The worry for the rest of the sector must be that the TSB's bad debt experience is not atypical. And if the big UK clearers were to increase their interim dividends by only 10 per cent, one of the main props underpinning the TSB's shares would be removed.

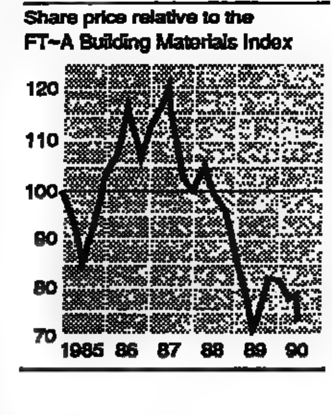
Magnet

The latest news from Magnet is an object lesson for investors and retailers alike. Only four months after its latest refinancing, Magnet is in default on £336m of seniordebt, to say nothing of a further subordinated £200m. The banks have therefore waived interest payments; the loans thus being in the Third World or non-performing category, there will doubtless be provisions accordingly.

The default is attributed to Magnet's failure to achieve asset sales on target. There are special features here; the banks omitted to secure the loans made to the buy-out vehicle against the operating assets, so are unable to enforce disposals. But it serves as a reminder of how risky it is to rely on asset values as a backstop in the retailing industry these days.

BPB

Share price relative to the FT–A Building Materials Index



For investors, there is also food for thought in Magnet's repeated assertion that payment of dividends on any class of its shares is very unlikely in the foreseeable future. Coincidentally, shares in fellow furniture retailer Lowndes Queensway, which stood at 37p this time last year, have almost halved this week from 3p to 1¾p. Lowndes is apparently still trading within its £200m debt limits. But whether the company survives or not, the shares are worthless. If the banks do prop up such desperate cases, the least they will demand is full equity entitlement should the upturn ever come.

Property companies

The second half of 1990 is likely to involve lots of hard decisions for those banks that have lent to UK property developers. The Sheraton refinancing shows that some will be given time to weather the bottom of the property cycle. That may be due to the quality of Sheraton's portfolio but its balance sheet looks hairy enough; it has a market capitalisation of £50m and around £300m of debt. The question for shareholders is whether the £25m they are being asked to contribute is designed merely to help the banks conduct an orderly liquidation of Sheraton's portfolio.

Broadwell's problems may be on a smaller scale but it is significant that it has been affected by a purchaser's failure to meet the payment deadline on a new development. That may indicate the banks' unwillingness to lend to buyers of property but, of course, if there is no money for buyers, how can the developers sell their surplus sites? And if the property market is dead, there is little incentive for banks to foreclose on companies, and assume the burden of selling the buildings.

BPB

It is hard to discern much light at the end of BPB's tunnel. After the 38 per cent fall in last year's taxable profits to £126m, another drop is likely this year, with the plasterboard war in the UK still raging. If housebuilding recovers well in 1991, the pressure on volumes may recede; but 40 per cent of UK plasterboard goes into offices and factories, where there is little scope for optimism.

Short-term, one thing in BPB's favour is its low tax-charge, thanks to high capital allowances and low continental tax rates. But some longer-term question-marks help justify the high yield on the shares, at 6.6 per cent. The core issue is capital expenditure, and what it is doing to BPB's cash-flow, which turned negative last year. Capital spending is dropping from last year's peak of £165m, to a more manageable £100m, but the figure might have to rise again in the mid-1990s, as BPB expands in Europe. Outlays like this require taking a long-term view. This is normally praiseworthy, but it could back-fire if the current price competition turns out to be a constant phenomenon permanently undercutting BPB's return on capital.

Anglian

The £100m index-linked bond issue from Anglian Water – the first of the long-awaited series of debt issues from the water companies – has a degree of ingenuity about it. The water companies' inflation-linked pricing formula makes them particularly suited to this kind of instrument; and though index-linked issues are tax-inefficient for the private borrower, Anglian's capital expenditure over the next decade will probably be heavy enough to rule out mainstream tax liability anyway.

It need not follow that index-linked issues are about to become fashionable. Besides the water companies, the electricity companies will doubtless be coming to the debt market before long; and all the while, the prospect of a return to heavy gilt funding looms larger. In such a market, the key lies in using variety to tickle the institutional palate. A zero-coupon water issue may well be along shortly.

Mitsui gets construction project in London

By John Brennan in London

MITSUI, Japan's biggest trading company, is shortly to announce a £90m ($154.8m) residential apartment scheme in the London Docklands, its first big property development project in Europe.

The move will be seen as a boost to medium-term recovery in the Docklands residential market.

Sales have been at a record low this summer and oversupply of unsold new flats has been made worse by the completion of schemes started 18 months to two years ago.

Mitsui has selected Docklands developer Jacobs Island Company as its partner in the high-quality apartments complex, near Olympia & York's Canary Wharf office development on the Isle of Dogs.

Construction begins next year on a four-acre freehold site at Ferguson's Wharf, Westferry Road. Completion of the apartments, for sale and rent, is planned for 1993.

Mr Mamoru Nakamura, general manager of Mitsui's real estate development department, has been surveying the European property markets since 1987. He said Mitsui was considering property projects in Paris and in Spain, but for the time being he wanted to concentrate on the UK market.

Mitsui regarded London as the financial centre of Europe. Canary Wharf, when completed, would be attractive to the Japanese, he said.

Jacobs Island, with annual sales of £20m, is a 10-year-old minnow alongside the four centuries of commercial influence of Mitsui, with annual sales of £63bn. However, Mr Nakamura said: "Our choice of partner is important. There are no other people who interest us among the residential developers."

Mr Andrew Wadsworth, founder and chairman of Jacobs Island, first made contact with Mitsui in Tokyo, in November 1988. "The new commitment to this area by a company of such international standing justifies our own confidence in the resurgence of the London residential market as a whole, and in the success of Docklands in particular," he said.

West Germany told to suspend tax on trucks

By Tim Dickson in Brussels

WEST Germany was yesterday ordered by the European Court of Justice to suspend a controversial lorry tax due to come into effect on Sunday.

The decision, pending a fuller legal procedure next month, appears for the moment to have averted a clash between Brussels and Bonn over fundamental principles of EC road transport policy. There had been fears of retaliation by other member states.

German officials were said to be studying the order last night but it was thought unlikely the Federal Republic would defy the wishes of the president of the Luxembourg-based court.

The road tax was to have been payable by most heavy goods vehicles with a permitted loaded weight in excess of 18 tons, and ranged from DM2,000 to DM9,000 ($1,190 to $5,357) a year, depending on size.

The law was opposed by the European Commission on the grounds that it discriminated against non-German lorries and threatened progress to a common EC market in road transport.

Brussels started legal proceedings in the spring but these failed to have an impact and last week the Commission applied for so-called "interim measures," the EC equivalent of an injunction.

In view of the urgency of the matter, the Commission asked the court to use its powers under Article 84 of the Treaty of Rome to act before the Germans had a chance to put their side of the case.

The court said yesterday that "so far as urgency is concerned," the Commission had relied "in particular on the fact that unilateral introduction of the proposed road tax would result in intolerable disturbances of Community public order and serious disruption to the equilibrium of the transport market, threatening the survival of a substantial number of small and medium-sized transport undertakings in other member states."

Brussels had highlighted the danger of retaliatory action – an argument which would appear justified in view of tit-for-tat threats muttered in Paris this week.

The court said: "The arguments put forward by the Commission do not, at first sight, appear unfounded," and it could not be ruled out that the urgency arguments would be established. It was necessary "in the interests of good administration of justice, that the status quo be maintained," pending decision on the full interim measures application.

CSCE gives pledge to democracy, rule of law

By Hilary Barnes in Copenhagen

THE 35 nations of the east-west Conference on Security and Co-operation in Europe (CSCE) yesterday agreed on a document pledging them to the rule of law, political pluralism, free elections by secret ballot and respect for the rights of national minorities.

All European nations except Albania, together with the US and Canada, participate in the CSCE, based on the 1975 Helsinki accords.

At a joint press conference given by the heads of the US, Soviet and Czechoslovak delegations, Mr Max Kampelman, head of the US delegation, called the result "an historic new consensus; the whole of Europe is committed to the path of democracy."

The Soviet delegate, Mr Yuri Reshetov, said the Copenhagen document was the starting point for "a new constitution of Europe."

The next stage in the process is a summit conference in Paris in December, when it is hoped an agreement on military force reductions in Europe will be signed and the groundwork for a new European security order laid.

A new session of the human rights conference will be held in Moscow next year.

Progress in obtaining commitments to the rule of law and political pluralism was held up until last year by objections from the east European countries.

Now, however, as the Canadian delegate said, there are no longer two Europes: "a common democratic space is being created from Vancouver to Vladivostok."

The 35 states declared in the Copenhagen document that "they recognise that pluralistic democracy and the rule of law are essential for ensuring respect for human rights and fundamental freedoms" and that "development of societies based on pluralistic democracy and the rule of law are prerequisites for progress in setting up the lasting order of peace, security, justice and co-operation" in Europe.

The 19-page document spells out what is understood by pluralism and the rule of law. It includes regular and free elections, separation of political parties from the state, an independent judiciary, rights of free expression, organisation and assembly.

There was little difficulty among the delegations in reaching agreement about fundamental freedoms. It was, instead, a question of national minorities which proved the most contentious issue. Bulgaria and Greece both appended "interpretive statements" on the national minorities issue to the final document.

The document spells out the right of national minorities to use the mother tongue, to maintain their own educational and religious institutions, practise their religion, disseminate and exchange information, and establish organisations and associations.

Regulators of UK securities and futures markets to merge

By Deborah Hargreaves in London

TWO of the City of London's regulatory bodies yesterday took the first step towards consolidating the diffuse structure of supervision of UK financial markets when they announced their decision to merge by early next year.

The Securities Association and the Association of Futures Brokers and Dealers said they would be able to monitor London's trading markets better as a joint body and that a pooling of resources would lead to speedier identification of risks endangering the financial system.

The City has five self-regulatory organisations which were set up to monitor different market areas at the time of the 1986 Financial Services Act, which set up a new regulatory system to oversee UK markets.

Banks, brokers and other participants in financial markets need membership of and authorisation from a self-regulatory organisation before seeking business. The organisations are supervised by the Securities and Investments Board, an umbrella body.

The AFBD is expected to form a futures enclave within the much larger TSA, where it will bring futures business into the mainstream of securities regulation. Whereas the TSA supervises firms dealing in financial markets, the AFBD also regulates commodities traders. The two bodies have about 40 firms which are common members and a further 60 which have separate subsidiaries reporting to them.

The merger, which requires approval by members, will provide significant cost savings for large firms which will no longer have to double up on their subscriptions. Both bodies number many international firms among their members.

It will be welcomed by members as reducing the bureaucracy associated with the regulatory organisations. It is likely to put pressure on other regulatory bodies to unite or at least pool resources.

Critics of the system of multi-regulation say it is confusing and leads to inefficiencies. However, when the system was set up, the SIB made clear its intention of keeping the number of regulatory bodies down and said it expected to see them merging as their business began to overlap.

The Investment Managers Regulatory Organisation (Imro), for fund managers, sees the most obvious overlap in its business with TSA and the AFBD.

The remaining two bodies – the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra) and the Life Assurance and Unit Trust Regulatory Organisation (Lautro) – have many common interests. Lautro members were forced to pay part of Fimbra's costs last year when its budget ran short.

The link-up of TSA and AFBD comes as London's major financial futures and options markets – the London International Financial Futures Exchange and the London Traded Options Market – are expected to announce their own merger.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	29	84	Dallas †	S	24	75	Madeira	F	22	72	Prague	F	25	77
Algiers	S	29	84	Dublin	[illegible]	16	61	Madrid	S	31	88	Reykjavik	S	11	52
Amsterdam	F	17	63	Dubrovnik	C	28	82	Majorca	S	28	82	Rhodes	S	28	82
Athens	S	30	86	Edinburgh	F	17	63	Malaga	Fg	22	[illegible]	Rio de Janeiro		-	-
Bahrain	S	35	95	Faro	S	22	72	Malta	S	27	81	Rome	S	28	82
Barcelona	S	26	79	Florence	S	32	90	Manchester	C	15	59	Salzburg	R	19	66
Belfast	F	15	59	Frankfurt	S	26	79	Melbourne	S	10	50	S.Francisco †	C	12	54
Belgrade	[illegible]	30	86	Geneva	S	20	68	Mexico City		-	-	Santiago		-	-
Berlin	S	25	77	Gibraltar	S	28	82	Miami †	F	26	79	Seoul	R	23	73
Biarritz	C	21	70	Glasgow	[illegible]	15	59	Milan	S	29	84	Singapore	F	32	90
Birmingham	C	17	63	Guernsey	F	15	59	Montreal †	C	[illegible]	54	Stockholm	R	16	61
Blackpool	C	15	59	Helsinki	F	20	68	Moscow	F	24	75	Strasbourg	C	22	72
Bombay	R	26	79	Hong Kong	S	33	91	Munich	C	23	73	Sydney	S	12	54
Bordeaux	C	21	70	Innsbruck	C	22	72	Nairobi	S	21	70	Tangier	F	23	73
Boulogne	F	16	61	Inverness	F	15	59	Naples	S	30	86	Tel Aviv	S	29	84
Bristol	C	16	61	Isle of Man	S	15	59	Nassau		-	-	Tenerife	F	25	77
Brussels	F	19	66	Istanbul	F	24	75	Newcastle	C	16	61	Tokyo	C	21	70
Buenos Aires		-	-	Jersey	S	18	64	New Delhi	F	33	91	Toronto †	S	12	54
Budapest	S	29	84	Johannesburg	S	11	52	New York †	S	24	75	Tunis	S	32	90
Cairo	S	32	90	Las Palmas	F	24	75	Nice	S	26	79	Valencia	[illegible]	27	81
Cape Town	R	13	55	Leeds	C	15	59	Nicosia	S	31	88	Venice	S	[illegible]	84
Cardiff	C	16	61	Lisbon	S	24	75	Oporto	S	20	68	Vienna	S	28	82
Chicago †	C	17	63	Locarno	R	21	70	Oslo	C	13	55	Warsaw	F	29	84
Cologne	F	22	72	London	[illegible]	[illegible]	84	[illegible]	F	19	66	Washington †	S	25	77
Copenhagen	F	22	72	Los Angeles †		-	72	Peking	S	28	82	Wellington	F	15	59
Corfu	S	29	84	Luxembourg	C	18	64	Perth	S	14	57	Zurich	[illegible]	22	72

C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder.
† Noon GMT temperatures

German rates warning

Continued from Page 1

The trade and current account surpluses of the extended D-Mark zone would be smaller than those of West Germany.

Mr Henderson said the rise in West Germany's public sector borrowing requirement would be "manageable." The OECD report said domestic demand would continue as the main dynamic force behind the continuing strong rise in West German economic activity.

Reviewing the world's two leading economies, the OECD said the US would fail to make much progress cutting inflation or its $100bn annual current account deficit over the next 18 months. Healthy export and steady investment demand should support gross national product growth of 2.3 per cent in 1990 and 2.5 per cent in 1991 while inflation is projected to stabilise around 4.5 per cent.

In Japan's case, the OECD forecast a narrowing in the current account surplus to $48.5bn this year from $57.2bn in 1989 with a bounce back to $59.4bn next year. The OECD expects monetary policy to stay tight with interest rates rising slightly in the second half of this year. It said GNP growth would slow to 4.7 per cent in 1990 and 4.0 per cent in 1991 from 4.9 per cent last year. Unemployment would remain around 2.25 per cent.

FINANCIAL TIMES
COMPANIES & MARKETS

Friday June 29 1990

INSIDE

No news is good news in Manila

The Manila stock market is so familiar with coup attempts that, when a feared overthrow did not happen during the recent Independence Day celebrations, shares rose with a sigh of relief. A peaceful Independence Day on June 12 served as a catalyst for overseas and domestic investors to step back into the stock market, which had been in decline since last December. Back Page

What to name the baby?

London's futures traders have been toying with a name for the soon-to-be-merged London International Financial Futures Exchange and London Traded Options Market. A sense of humour is not lacking with suggestions ranging from Loaf, short for the London Options And Futures exchange — where you make your bread — to Deal, Derivatives Exchange At London. But the difficulties of merging will require more than a sense of humour. Page 29

GKN pools pallet resources

GKN, the UK automotive and industrial services group, is pooling its pallet resources with Brambles Industries, the Australian engineering company. The two groups plan to launch a pallet management joint venture in the US called Chep US. Charles Leadbeater reports. Page 30

GBL sweeps out old strategy

One of Belgium's biggest and most secretive holding companies has embarked on a spring cleaning. Over the last two months Groupe Bruxelles Lambert has done a series of deals designed to simplify and slim down the company. Last week it put its stake in Henry Ansbacher up for sale, and yesterday it sold its 27 per cent holding in Wagons Lits. The moves are a reversal of the company's earlier strategy, reports Lucy Kellaway. Page 25

Oil ignores Opec promise

Sadek Boussena, the Algerian oil minister who serves as Opec president, concluded a whirlwind tour of the major Gulf producers this week with a promise that members would abide by agreements to cut production. But the oil markets remain unconvinced and fell steeply in late trading. Steven Butler reports in advance of what appears likely to be a stormy Opec meeting in Geneva next month. Page 34

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Chief price changes yesterday

FRANKFURT (DM)

Rises			
Aachener Münch	880	+	15
[illegible]	373	+	10
Falls			
Brown Boveri	901	–	30
Hapag Lloyd	458	–	10
Schering	800	–	14
Zanders Fein	325	–	8

NEW YORK ($)

Rises			
Apple Computer	42½	+	1
Compaq Comp	120¾	+	1⅜
LA Gear	28¾	+	1⅝
Falls			
AT&T	38¾	–	⅜
IBM	117⅝	–	⅜
Philip Morris	46¼	–	⅝

New York prices at 12.30pm.

PARIS (FFr)

Rises			
Bancaire Cie	621	+	13
Colimeg	559.8	+	13.8
Coparex	601	+	26
Pretabail Sic	1240	+	34
Spie-Batignolles	779	+	29
Falls			
Eurocom	2221	–	49

TOKYO (Yen)

Rises			
Olympic	1230	+	100
Pilot	2180	+	160
TDF	2150	+	180
Toyo Bosuifu	2690	+	370
Toyo Knife	1340	+	120
Falls			
Tokyo Sokuhan	3000	–	270

LONDON (Pence)

Rises			
Amstrad	68½	+	3½
BET	265	+	6
Barratt Dev	190	+	5
Berkeley	206	+	21
Cardo Eng	127	+	9
Glaxo	808	+	7
High-Point	308	+	10
Rolls-Royce	223	+	6
Rothmans	752	+	9
Sears	592	+	4
Waterglade	70	+	10
Falls			
BCC	424	–	18
Burton	126	–	23
Commercial Union	515	–	10
Crookson	203	–	17
Fececo	240	–	10
Gen Acc	1125	–	12
ICI	1143	–	19
Kingfisher	347	–	10
Lloyds Bank	290	–	7
Parkfield	77	–	48
Royal Ins	483	–	11
TSB	136	–	15
Tex Hldgs	140	–	28

Bond Corporation postpones crucial vote

By Andrew Freeman and Gordon Cramb in London

ONLY a last-minute procedural device saved Bond Corporation Holdings, the flagship company of the Australian entrepreneur Mr Alan Bond, from possible liquidation after a special meeting of convertible bondholders yesterday. Bond Corp came within an ace of failing to get the votes it needed to postpone a vital resolution. Further meetings on July 19 will decide the group's fate.

The decision angered many of the bondholders, a number of whom had come from France, Switzerland and further afield.

In a charged atmosphere, a gathering of around 30 bondholders and proxy voters listened to the arguments of Mr Peter Lucas, a director of Bond Corp, who told the investors in a $200m bond issue that he was "not here to play poker." He confirmed the meeting, which was quorate, was about whether Bond could continue as a going concern.

He said it was in investors' interests to approve the resolutions to allow the A$1.8bn (US$1.4bn) sale of Bond Brewing Holdings to Bell Resources and to waive an interest payment due to them next month, and he added: "You might ask – why keep going? The answer is that Alan Bond is no quitter."

However, Mr Lucas had his bombshell ready. He announced that even if all those present voted in favour of the brewery sale resolution, there would not be enough votes to ensure the necessary 75 per cent majority. He proposed that in the interests of the bondholders, the meeting should be adjourned.

Confusion followed. One proxy voter made a strenuous objection to the proposal that a decision should be postponed to give Bond Corp more time to rally support from other bondholders.

For a few moments, it looked as if the proposal would be rejected. Mr Lucas had to spell out that a failure to back the adjournment proposal would be equivalent to pushing the company into liquidation.

The adjournment motion was a clever manoeuvre, requiring only a simple majority of votes present, and was passed by more than two to one in favour. It neatly by-passed the much greater mass of unrepresented proxy votes because there was no-one there to exercise them.

At the adjourned meeting, Bond will require the same quorum and majority on the brewery sale resolution. The second resolution was inquorate yesterday, so a smaller group of bondholders will be able to decide on a coupon payment waiver.

A meeting of sterling Bondholders later broke up without reaching a quorum. As a result it, too, will be reconvened on July 19 but with a more relaxed minimum attendance requirement of 33 per cent.

The company will not pay the total of A$25m in interest due on July 9, using a 14-day grace period which Mr Lucas said "regrettably has become a feature" of the group's record. Bond is to delay coupon payments until July 23 by which time it hopes the meetings will have agreed proposals.

Hong Kong disposal, Page 28

Receivers called in at Brown Group

By Ian Hamilton Fazey in Manchester

BROWN GROUP International, the acquisitive Yorkshire construction equipment manufacturer which had hoped to float on the Stock Exchange last January, went into receivership yesterday. This came after its Norwegian banker refused to negotiate further on rescheduling its part of the company's £80m ($139m) debts.

Capital Airlines, a fast-growing offshoot subsidiary running mainly internal scheduled services around the British Isles, stopped operating immediately. Passengers were stranded as its eight aircraft were grounded.

High interest rates are being blamed for the collapse of the group, which claims to have grown into the biggest of its type in Europe.

Heavy borrowings to buy and re-equip construction equipment companies had resulted in a debt-to-equity ratio of about five to one.

Brown was expecting sales to top £200m this year. It deferred flotation until the autumn in the hope that interest rates would come down. However, it was unable to continue when the Christiania Bank, its smaller banking creditor, refused to stand with Standard Chartered, its UK bank, in giving further support.

The group was built up by three brothers, Gordon, Fred and Ron Brown. It has been trumpeted as an outstanding example of vigorous entrepreneurship under the economic conditions created by the Thatcher Government in the mid-1980s.

It employs about 1,600 people in Britain and almost 400 in Norway. It also has an international distribution chain for its construction equipment with depôts in France, Germany and the US.

Its portfolio of products – bought mostly in the last few years from bankrupt companies – includes Moxy dump trucks and Broyt excavators in Norway, and Hymac diggers and Parkers rock-crushers and tarmac layers in the UK. Moxy also makes dump trucks for Komatsu. The Norwegian operations have been hailed as outstanding examples of industrial turnaround.

Although privately owned, Brown had substantial institutional shareholders.

KPMG Peat Marwick McLintock, the accountancy firm, was appointed receiver yesterday. Mr Tony Richmond, joint liquidator, is hoping to sell Capital Airlines as a going concern. Negotiations were under way with interested airlines before the collapse.

Boone Pickens storms out of Koito meeting

By Stefan Wagstyl in Tokyo

MR T. BOONE Pickens, the Texan corporate raider, yesterday stormed out of the annual meeting of Koito Manufacturing, the Japanese car parts company where he controls a near-$1bn stake, denouncing the day's proceedings as a sham.

Mr Pickens condemned the company for refusing to answer his questions. "It was a sham. An absolute farce. Koito showed the world what it's about. It's a closed system. They're against foreigners."

Koito responded angrily, saying Mr Pickens had been given every opportunity to make his case. Mr Pickens, who speaks for 26 per cent of the stock, knew in advance he would fail to get majority support for his plans and, according to Koito, had stage-managed his exit.

The day ended in confusion. Mr Pickens pledged to take his case to Washington and to next month's Houston Summit. He promised to buy more stock and to return for next year's annual meeting. But Koito said Mr Pickens was preparing to pull out of his investment, and that the row at yesterday's meeting would provide a convenient excuse.

"He has created a graceful exit for himself," said Mr Toby Myerson, a managing director of Wasserstein Perella, the US mergers and acquisitions boutique which is advising Koito.

Mr Pickens has been battling with Koito Manufacturing since early last year when he bought a block of shares from Mr Kitaro Watanabe, a Japanese stock market investor with a record of greenmail, or buying shares to push a company into repurchasing them at a higher price.

Koito has consistently refused to negotiate with Mr Pickens because it believes the Texan is in league with Mr Watanabe and bound by a secret agreement.

Mr Pickens' dramatic exit yesterday was the climax of a three-hour meeting which was sometimes tense, sometimes tedious and occasionally farcical.

Mr Pickens' object was to win support for his plans to secure four seats on the board for Boone, his private investment company. He arrived early and sat surrounded by 33 American shareholders he had brought to Tokyo with him at his own expense.

The 62-year-old veteran of countless corporate brawls was aware he was bound to lose when it came to a vote. But he pressed on with his case, claiming it was unfair that Toyota Motor, with a 19 per cent holding, should appoint three directors, while Boone with 26 per cent had none.

It was a sign of the strength of the *keiretsu*, the system of corporate families in Japan, which the US administration believes is a barrier to free markets.

Mr Pickens was interrupted by hecklers and by Mr Takako Matsuura, the Koito president, who told him to stick to the point.

But the real action was yet to come. After Mr Pickens sat down, other shareholders were free to speak. Mr Matsuura took questions alternately from Japanese and American shareholders. The Japanese repeatedly attacked Mr Pickens, asking whether he really understood Japanese business practice, whether he still had dealings with Mr Watanabe, and what he planned to do next.

A very angry Texas oilman and investor: T. Boone Pickens outside Koito's meeting yesterday

Mr Pickens grew increasingly uncomfortable as Mr Matsuura made little effort to defend him from the onslaught.

Koito identified several of the questioners as *sokaiya*, professional extortionists who disrupt company meetings in the hope of extracting protection money. At least one or two belonged to Seinensha, a right-wing political group which has links with the criminal underworld. As tension grew, insults were hurled at the US contingent: "We've won the economic war" – "America lost because it's stupid" – "Remember Pearl Harbour."

Afterwards, Mr Matsuura apologised profusely for the hecklers. Koito denied suggestions from Boone that it had organised the *sokaiya*. Mr Myerson, Koito's US adviser, said the programme for the meeting had been agreed in advance with Mr Pickens at talks attended by Japanese court officials to ensure fair play.

Mr Pickens left for Washington late yesterday, while his supporters abandoned plans for a visit today to Koito's main factory.

Midland Bank takes steps to hedge open treasury position

By David Lascelles, Banking Editor, in London

MIDLAND Bank has taken action to hedge the open treasury position which cost it at least £116m ($202m) in losses last year because of rising interest rates.

Mr David Clark, Midland's newly-appointed group treasurer, said yesterday that the bank would now largely be protected against any further losses if interest rates rose again. But this also meant that Midland's position would not be able to benefit from any fall in rates this year.

Midland Bank disclosed in its annual results in February that it had taken a view last year that interest rates would fall, and had positioned its book accordingly. But the bank found itself with a large exposure when rates rose sharply.

The size of Midland's loss was never quantified. But Sir Kit McMahon, the chairman, indicated that it accounted for the £116m loss reported by Midland Montagu, the corporate and investment banking arm which includes the group treasury.

Mr Clark, who joined Midland in March, has spent most of his early weeks at the bank addressing the problems of its balance sheet. He said he had been advised that UK interest rates would, at best, stay level this year, and might even rise again. So it had been decided to hedge the open position even though this would entail additional costs.

Since then, however, he had come to the view that rates would probably fall this year, particularly if the UK joins the European Monetary System, which he believed could happen next autumn. The hedging positions now adopted by Midland would prevent it from benefitting from such a move until next November/December when they expire. The overall mismatch on Midland's books does not run off until March 1991.

Banks have a number of ways of hedging themselves against interest rate movements, such as futures and swaps. Although several banks positioned themselves last year in anticipation of a fall in rates, and suffered when they moved in the opposite direction, Midland's problems were by far the largest among the UK banks.

Sir Kit has already warned that interim results, due on August 2, will show a fall.

Lex, Page 22

Hanover counts cost of Trump deal

By Martin Dickson in New York

MANUFACTURERS Hanover has become the first US bank to publicly quantify the cost of this week's bail-out for Mr Donald Trump, the property developer. It announced yesterday that its level of non-performing assets will rise by 15 per cent, or $157m, mainly because of his difficulties.

As part of the rescue operation, a group of banks has agreed to halt payments on $850m of their $2bn in outstanding loans to the Trump empire.

Manufacturers Hanover, the eighth-largest US bank, said in a regulatory filing that it expected its non-performing assets to increase by some 15 per cent in the near future, "principally as a result of problems being experienced by one of the corporation's major real estate customers."

The bank is believed to have one of the largest exposures to Mr Trump, along with Citibank, Bankers Trust and Chase Manhattan. The placing of the loans

Trump: bailed out by banks

on a non-performing basis could force the banks to increase loan loss reserves, which would hurt earnings.

Manufacturers Hanover also said yesterday that it would be taking a one-time restructuring charge in the second quarter due to a realignment of its business which was designed to increase flexibility in meeting customers' needs. It said the size of the charge had yet to be determined, but would be less than operating earnings. It would also mean significant future annual savings.

Last month the bank announced a reorganisation that divided the group into four sections: global banking, regional banking, operating services and developing markets.

The bank said yesterday that it expected second-quarter operating earnings – net income excluding special and non-recurring items – to be below the first-quarter figure of $96m.

This was due to "the continued slowdown in corporate finance business and the continued negative impact on net income of non-performing loans to refinancing countries."

Shares in the bank dipped in early trading on the New York Stock Exchange to stand at $34¼, down $½ at lunchtime.

EGOLI

Consolidated Mining Corporation Limited group of companies

Egoli Consolidated Mines Limited
(Registration number 68/15717/06)
Incorporated in the Republic of South Africa

Directors: ND Lowenthal (*Chairman*), GJS Laing (*Managing*), HC Buitendag, RA Flowerday, RA Lee*, RY Lowenthal*, GB Rubenstein, M Schechter, BD Suddens*, MW Thompson**, CF Turner

*British/ **Zimbabwean

Profit announcement for the year ended 31 March 1990

INCOME STATEMENT (abridged)	Year ended 31 March 1990 R'000	Year ended 31 March 1989 R'000
Turnover	143 893	89 012
Income before taxation	19 508	3 303
Taxation	97	326
Income after taxation	19 411	2 977
Outside shareholders' interest	(11 766)	(1 434)
Net income before extraordinary items	7 645	1 543
Extraordinary items	10 181	(46 040)
Net income/ (deficit) attributable to ordinary shareholders	17 826	(44 497)
Transfer (to)/from non-distributable reserve	(5 895)	6 183
	11 931	(38 314)
Dividend	2 541	–
Retained income/ (deficit) for the year	9 390	(38 314)
Earnings/ (deficit) per weighted share (cents)	42,1	(171,1)
Dividends per share (cents)	6,0	–

BALANCE SHEET (abridged)	31 March 1990 R'000	31 March 1989 R'000
Capital employed		
Shareholders' funds	99 067	51 602
Outside shareholders' interest in subsidiaries	124 718	37 243
Long-term liabilities	4 302	4 402
	228 087	93 247
Employment of capital		
Mining investments	231 225	93 654
Current assets	33 414	19 879
Current liabilities	(36 552)	(20 286)
	228 087	93 247
Number of shares in issue	42 348 010	26 000 000
Net asset value (per share)	R2,34	R1,98

Comments

The rationalisation of the gold producing interests of both Egoli and South East Rand Gold Holdings Limited (Southgo), which resulted from their merger during September 1989 has led to improved results. Employment of capital has increased from R93-million to R231-million while net income before tax increased from R3,3-million to R19,5-million.

Declaration of Dividend No 16

Notice is hereby given that a dividend (Dividend No 16) of 6 cents per share, has been declared by the board of Egoli Consolidated Mines Limited for the year ended 31 March 1990. The dividend will be payable to shareholders registered in the books of the company at the close of business on 27 July 1990, and the dividend warrants will be posted on or about 24 August 1990.

Non-resident shareholders' tax will be deducted at the rate of 15 per cent from *dividends payable to members whose addresses in the register of members are* outside the Republic of South Africa.

By order of the board

Mining and Industrial Management and Investment Corporation Limited
Secretary

29 June 1990

Registered Office
39th floor, Carlton Centre,
Commissioner Street,
Johannesburg, 2001
P O Box 11165
Johannesburg, 2000

Transfer Secretaries
Unidev Registrars Limited
6th floor, 94 President Str.,
Johannesburg, 2001
P O Box 1053
Johannesburg, 2000

London Branch Registrar
Barclays Registrars Limited
6 Greencoat Place
London SW1P1PL
England

GKPR

Isveimer

US$100,000,000
Floating rate participation certificates due 1992

Issued by Morgan Guaranty GmbH for the purpose of making a loan to

Istituto per lo Sviluppo Economico dell'Italia Meridionale
(a statutory body of the Republic of Italy incorporated under Law No. 298 of April 11, 1953)

In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 29th June, 1990 to 31st July, 1990 has been fixed at 8⅞%. Interest accrued for the above period and payable on 31st July, 1990 will amount to US$75.00 per US$10,000 Certificate. Total interest payable value 31st July, 1990 will amount to US$431.18 per US$10,000 Certificate.

Agent: Morgan Guaranty Trust Company

JPMorgan

Wells Fargo & Company

US$150,000,000
Floating rate subordinated notes due 1992

In accordance with the provisions of the notes, notice is hereby given that for the interest period 29 June, 1990 to 31 July, 1990 the Notes will carry an Interest Rate of 8.475% per annum. Interest payable on the relevant interest payment date 31 July, 1990 will amount to US$75.33 per US$10,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

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29 June 1990

CFX

Credit for Exports PLC

(Incorporated in England with limited liability)

U.S. $155,000,000

Unsecured Floating Rate Notes due 1985 to 1992

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 2 July 1990 to 2 January 1991 has been established at 8.5625 percent. per annum.

The interest payment date will be 2 January 1991. Payment, which will amount to US$437.64 per Note, will be made against the relative coupon.

Agent Bank
Morgan Grenfell & Co. Limited

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29 June 1990

ITALEX

Italex Limited

(Incorporated in the Cayman Islands with limited liability)

U.S. $230,000,000

Unsecured Floating Rate Notes due 1989 to 1992

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 2 July 1990 to 2 January 1991 has been established at 8.5625 percent. per annum.

The interest payment date will be 2 January 1991. Payment, which will amount to US$10,940.97 per Note, will be made against the relative coupon.

Agent Bank
Morgan Grenfell & Co. Limited

INTERNATIONAL COMPANIES AND FINANCE

ConAgra profits rise sharply to $73.5m

By Roderick Oram in New York

CONAGRA, the diversified agricultural and foods group, has reported sharply higher profits in line with forecasts it made three weeks ago when it agreed to pay $1.34bn for Beatrice, a producer with some leading packaged food brands.

Net profits for the fourth quarter to May 27 were $73.5m *or 59 cents a share, up 12.5 per* cent from $65.4m or 53 cents a year earlier. Sales rose 35 per cent to $4.01bn from $2.97bn.

For the full fiscal year, net *profits of the Omaha-based* company rose 17 per cent to $231.7m or $1.87, from $197.9m or $1.63. Sales grew by 37 per cent to $15.5bn.

An important source of higher sales in the quarter and year was Sipco, formerly called Swift Independent Packing Company. In the previous fiscal year ConAgra reported no Sipco sales because it had only a 50 per cent stake in the meat packing company. It took full control at the beginning of fiscal 1990.

It was the 10th year in a row of record earnings. The company achieved a 24.3 per cent return on common equity, above its target of 20 per cent. It expects higher profits this year and another return above 20 per cent, thanks in part to the contribution of the Beatrice businesses.

General Mills lifts earnings 19% to $374m

By Martin Dickson in New York

GENERAL MILLS, the US foods group which has radically restructured itself over the past few years, has increased 1990 net earnings by 19 per cent.

The company, with products that include some of the biggest selling breakfast cereals in the US as well as the Betty Crocker food mix brand, produced net earnings of $373.7m compared with $315.3m in 1989, on sales up 15 per cent at $6.45bn.

Earnings per share from continuing operations were $4.55 against $3.85.

Mr Bruce Atwater, chairman, *said he expected fiscal* 1991 to be another strong year, with record sales, earnings and earnings per share.

In the year to May 27, the consumer foods division, which accounts for some 70 per cent of group sales, produced an 18 per cent increase in operating profits to $533.9m.

The restaurant business produced a 21 per cent rise in operating profits to $154.2m on sales up 19 per cent at $1.93bn.

New chairman at Minorco unit

By Kenneth Gooding, Mining Correspondent

MINORCO, the South African-controlled, Luxembourg-quoted investment group, has appointed Mr Robert Zerga, 49, as chairman and chief executive of its Independence Mining subsidiary in the US.

Independence is the renamed Freeport McMoRan Gold company which Minorco bought *for about* US$690m last March.

During Minorco's unsuccessful battle for Consolidated Gold Fields of the UK, Mr Zerga *was executive vice presi*dent and general manager of Newmont Gold, the Nevada associate of Gold Fields whose implacable opposition helped beat off the bid. He held that post from 1985 to 1989.

Since August last year he has been executive vice president and chief operating officer of Meridian Minerals, a subsidiary of Burlington Resources.

Defence in the face of disarmament

Paul Betts looks at Deutsche Aerospace's plans for diversification

DEUTSCHE Aerospace – the West German aircraft, defence, space, diesel and aero-engine group set up by Daimler-Benz barely a year ago – is accelerating its search for new businesses and international partnerships to reduce its dependence on its declining defence operations.

Although the company has been negotiating equity exchanges with several international groups, including Pratt & Whitney in the US and Matra of France, it denied it was in any serious talks over an equity swap with British Aerospace.

BAe shares rose sharply at one stage yesterday on stock market speculation that Daimler-Benz was planning to acquire a 5 per cent stake in the UK group, ultimately lifting this shareholding to 20 per cent. However, Mr Jurgen Schrempp, the Deutsche Aerospace chairman, said there were no current talks with BAe over a Daimler stake in the UK company.

He did confirm, however, that his group was discussing with BAe the possibility of establishing a new European aircraft partnership to manufacture turbo-propeller commuter aircraft and 80-100 seater passenger jets *for* regional markets. The talks with BAe are part of a series of simultaneous moves by Deutsche Aerospace on its main business fronts.

Mr Schrempp said the German group was now considering entering the private telecommunications business and was *multiplying* its initiatives in eastern Europe and the Soviet Union as part of its global diversification strategy.

"Independently of the disarmament process, we would have to develop new areas of business to reduce our dependence on defence, which accounts for about 47 per cent of our business," the former Daimler-Benz commercial vehicles executive said. But the speed and political implications in Germany of the disarmament process are putting extra pressure on Daimler-Benz's efforts to restructure and reorganise the West German aerospace industry.

The group's first consolidated annual report approved by the company's management board yesterday reveals a net group loss of DM139m ($83.3m), although all the main subsid*iaries including aircraft maker* Dornier, engine manufacturer Motoren-und Turbinen-Union (MTU), the Telefunken Systemtechnik (TST) defence and electronics arm, and the Messerschmitt-Bölkow-Blohm (MBB) aerospace company, operated profitably.

"This was a special year," said Mr Schrempp. The 1989 figures do not include MBB, which was absorbed by Deutsche Aerospace only at the end of last year. Nor does it include the Deutsche Airbus division, which has not yet been consolidated in the group.

The combined operating profits of Dornier, MTU and *TST produced an operating* profit of a little over DM200m for the group last year. Their combined sales rose 7 per cent to DM7.8bn.

MBB is expected to report its 1989 results early next month showing both operating and net profits. If MBB and Deutsche Airbus, which is responsible for the group's activities in the European aircraft manufacturing consortium, are included, Deutsche Aerospace sales would be about DM15bn.

Mr Schrempp said the net group loss for 1989 was the result of a number of exceptional factors, including: the costs of establishing the new company; the development costs of the new Dornier 328 turbo-propeller aircraft; the acquisition of AEG defence electronics business; and, perhaps most significantly, the *decision to make provisions for* future risks over the group's involvement in defence projects such as the European Fighter Aircraft programme.

However, Daimler-Benz remains firmly committed to its new role as leader of the West German aerospace industry. Although other big car manufacturers such as Ford or Chrysler have become disillusioned with aerospace and are shedding their interests in this sector, Mr Schrempp said the West German company believed aerospace was a growth industry. "Over time you will not see the same growth rates in the car sector as in the past," he said, but added: "Automotive will always be our core business."

The group's ambition was to bring the German aerospace industry on the level of an equal partner rather than a "junior partner" as had been the case in the recent past. But, Mr Schrempp emphasised, "we don't aim to dominate the scene in Europe."

Outlining the main thrusts of the group's strategy, he said the company wanted to establish a European venture with other partners like BAe to develop and manufacture regional aircraft. He claimed that a restructuring of the European regional aircraft industry was necessary in the longer term.

In the helicopter sector, the restructuring had already begun with the agreement between *Deutsche Aerospace* and Aerospatiale of France to form a joint helicopter company called Eurocopter. The deal is expected to be finalised *before the end of this year* and the partnership, he said, was open to other European companies such as Agusta of Italy or Westland of the UK.

On Airbus, Deutsche Aerospace has until 1996 to acquire the remaining 20 per cent of Deutsche Airbus still in West German government hands. Mr Schrempp said he remained committed to Airbus and was hopeful of progress soon in the efforts to give the European consortium a more entrepreneurial structure.

Apart from the recent agreement between MTU and Pratt & Whitney and the discussions over possible co-operation in different aerospace sectors with Mitsubishi of Japan, Deutsche Aerospace has continued to intensify its contacts in eastern Europe. It recently signed a memorandum of understanding with the Soviet Union to study the development of engines for regional jet aircraft. Mr *Schrempp is due to visit* the Soviet Union with Mr Edzard Reuter, the Daimler-Benz chairman, in the autumn.

Mr Schrempp said he was *pleased with the disarmament* process, but conceded it would have a negative impact on the group's defence business. For this reason, he was looking at *new business areas,* including energy and integrated traffic control systems, as well as moving the company into private telecommunication services. "We are in the satellite business and we are investigating getting in the telecom business as an operator of private communications systems," he said.

Deutsche Aerospace expects its defence-related activities to account eventually for about 25 per cent of group turnover. This will inevitably imply a painful conversion process of military activities to new civil operations. Mr Schrempp does not like the word conversion. "It implies converting a military factory into a toaster manufacturing plant. That is not possible," he said. He prefers to talk about "substitution."

He says, however, that this substitution process needs the support of government. "We can supply commercially viable concepts but the politicians should also give us assistance *to soften the impact," he said.*

Deutsche Aerospace

- **Aircraft**
  Subsidiaries MBB and Dornier produce military and commercial aircraft and helicopters
  1989 turnover: DM 3.65bn — Employees: 16,790
- **Space systems**
  MBB and Dornier produce satellites and utility systems, orbital infrastructures and space transportation and propulsion systems
  1989 turnover: DM 1.66bn — Employees: 5,080
- **Propulsion systems**
  MTU subsidiary makes jet and diesel engines
  1989 turnover: DM 3.7bn — Employees: 17,600
- **Defence systems**
  Telefunken Systemtechnik subsidiary produces radar, radio, reconnaisance and command systems. MBB and Dornier also produce defence and protection systems
  1989 turnover: DM 3.35bn — Employees: 15,170

BCE to sell most of its Encor shares

BCE, the big holding company controlling Bell Canada and Northern Telecom, is selling most of its shares in Encor, a Calgary oil and gas company, through a secondary offering in Canada and the US, writes Robert Gibbens in Montreal.

The move is part of BCE's efforts to concentrate on its core telecommunications businesses. BCE faces severe problems: its property arm, BCE Development, required a $440m write-down, and it has loans to the Kinburn high technology group which total nearly C$450m (US$385m).

Encor was spun off from TransCanada PipeLines, another BCE subsidiary, early *last year. It posted* a C$48m loss for 1989 and carries long-term debt of about C$580m.

BCE is offering some 14.8m Encor units at C$7 each. The units comprise three Encor common shares plus two warrants. Each warrant entitles the purchaser to buy one Encor share at C$2.65 until January 1992.

The secondary issue will reduce BCE's holding in Encor to 20 per cent and to almost nil by 1992 if all the warrants are exercised.

BCE will use the proceeds to reduce its debt.

Residential Property Securities No.2 PLC

£200,000,000

Mortgage Backed Floating Rate Notes 2018

Notice of Partial Redemption

S.G. Warburg & Co. Ltd. announce that Notes for the nominal amount of £14,300,000 have been drawn for redemption on 30th July, 1990, in accordance with Clause 5(b) of the Terms and Conditions of the Notes.

The distinctive numbers of the Notes drawn, are as follows:—

7	21	35	49	63	77	91	105	119	133	147	161	175
189	203	217	231	245	259	273	287	300	314	328	342	356
370	384	398	412	426	440	454	468	482	496	510	524	538
552	566	580	594	608	622	636	650	664	678	692	706	720
734	748	762	776	790	804	818	832	846	860	874	888	902
916	930	944	958	972	986	1000	1014	1028	1042	1056	1070	1084
1098	1112	1126	1140	1154	1168	1182	1196	1210	1224	1238	1252	1266
1280	1294	1307	1321	1335	1349	1363	1377	1391	1405	1419	1433	1447
1461	1475	1489	1503	1517	1531	1545	1559	1573	1587	1601	1615	1629
1643	1657	1671	1685	1699	1713	1727	1741	1755	1769	1783	1797	1811
1825	1839	1853	1867	1881	1895	1909	1923	1937	1951	1965	1979	1993

On 30th July, 1990 there will become due and payable upon presentation of each Note drawn for redemption, the principal amount thereof, together with accrued *interest to said date, at the office of:—*

S.G. Warburg & Co. Ltd.
2 Finsbury Avenue, London EC2M 2PA
or one of the other paying agents named on the Notes.

Interest will cease to accrue on the Notes called for redemption on and after 30th July, 1990 and Notes so presented for payment should have attached all Coupons maturing after that date.

£185,700,000 nominal amount of Notes will remain outstanding after 30th July, 1990.

29th June, 1990

NOTICE OF REDEMPTION
To the Holders of

MetLife Funding, Inc.

8¼% Notes Due 1992

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 8(a) of the above-mentioned Notes (the "Notes") and in conformity with the Fiscal Agency Agreement dated as of July 30, 1985 between MetLife Funding, Inc. and The Chase Manhattan Bank (National Association), as Fiscal Agent, all of the Notes will be redeemed on July 30, 1990 (the "Redemption Date") at the price of 101% of their principal amount plus accrued interest to the Redemption Date. Coupons [illegible] Redemption Date should be detached and surrendered for payment in the usual manner. [illegible] registered Notes will be paid in the usual manner. Interest on the Notes shall cease to accrue from and after the Redemption Date.

Payment will be made upon presentation and surrender of the Notes, together in the case of bearer Notes, with all appurtenant coupons maturing subsequent to the Redemption Date, at any of the following paying agencies:

The Chase Manhattan Bank, N.A.
P.O. Box 440
Woolgate House
Coleman St.
London EC2P 2HD, England

Chase Manhattan Bank (Switzerland)
Gotthardstrasse 24
Postfach 162
8027 Zurich, Switzerland

Chase Manhattan Bank (Luxembourg) S.A.
5 Rue Plaetis
L-2338, Luxembourg—Grund

Banque Bruxelles Lambert S.A.
Avenue Marnix, 24
1050 Brussels, Belgium

Berliner Handels Und Frankfurter Bank
10 Bockenheimer Landstrasse
Frankfurt, West Germany

Registered Notes Only
The Chase Manhattan Bank
(National Association)
Corporate Bond Redemptions
Box 2020
1 New York Plaza
14th Floor
New York, New York 10081

Payment pursuant to the presentation of the Notes for redemption made by transfer to a United States dollar account maintained by the payee with a bank in the United States, may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds [illegible]

METLIFE FUNDING, INC.
By THE CHASE MANHATTAN BANK
(National Association),
as Fiscal Agent

Dated: June 29, 1990

GROUP FINANCIAL RESULTS (UNAUDITED IAS)

ENSO-GUTZEIT OY

FIM million	1.1.-30.4. 1990	1.1.-30.4. 1989	1.1.-30.12. 1989
Net sales	3378	3323	10760
Profit before taxes, minority interests and extraordinary items	165	501	950
Taxes on income	(39)	(34)	(57)
Minority interests	(2)	(2)	(21)
Profit before extraordinary items	124	465	872
Extraordinary items	379	0	0
Profit	503	465	872
Earnings per share, FIM	0.87	3.54	6.31

Copies of the full text of the Interim Review are available in the UK on request from:
Kansallis Osake Securities Ltd., Corporate Finance,
Kansallis House, 80 Bishopsgate, London EC2N 4AU

Magnet changes terms as it misses interest payment

By Maggie Urry

MAGNET Group, the heavily-indebted holding company for the kitchen, bedroom and bathroom retailer, yesterday announced details of changes to its financing terms, needed because it could not meet an interest payment due tomorrow. It also appointed four new directors.

A £629m ($1.1bn) management buy-out took Magnet private last summer, but afterwards it could not satisfy the conditions of the borrowings used to finance the buy-out. It completed a refinancing in February, when debt totalled £536.6m.

However, the refinancing assumed the completion of £115m of sales and leasebacks of properties, but completion of some of these sales has been delayed or abandoned, which has resulted in a cash shortfall of £60m.

The group's banks are now allowing Magnet to roll up the next two interest payments due on the senior debt into the principal. Magnet will only make capital repayments and pay interest due in September and December of this year and March of next year, as long as the payments leave the trading companies with £30m in cash.

Magnet's trading operations are separate from, and have not guaranteed the debt of, the holding company, which prevents the banks from forcing asset sales to meet debt repayments. Magnet said yesterday that its banks were being "very supportive."

The four new directors include Mr Louis Sherwood, who has been made non-executive chairman. His background is in grocery retailing in the US, and he was briefly chairman and chief executive of Gateway Foodmarkets, the UK supermarket group.

Mr Wim Kok, who spent 35 years with Unilever, is to become finance director.

Mr Derek Dean, managing director of Magnet's consumer division, joins the board as an executive director, and Mr David Fleming, formerly finance director of Hillards, the grocery group, taken over by Tesco in 1987, becomes a non-executive director.

Magnet said it could not comment on trading as its results were due out next month.

Hoesch takes 38.5% stake in French group

HOESCH, the West German engineering and steel group, has acquired a 38.5 per cent stake in Defontaine of France and plans to make a public offer for the rest of the company, Reuter reports.

Hoesch said Defontaine had yearly sales of about DM130m ($78m) and a workforce of 760. It has subsidiaries in Italy, the UK, Spain, Tunisia and the US.

Defontaine produces components for the motor, aerospace and food industries. Any takeover must be approved by the West German Federal Cartel Office. Hoesch declined to give financial details of its purchase.

However, the deal was not hostile, a Hoesch official said. The remaining shares in Defontaine are widely held.

● Holderbank, the Swiss cement group, is to buy United Cement of Texas Industries for $61m. United Cement's Mississippi factory has an annual capacity of nearly 500,000 tonnes.

Holderbank said the move was intended to strengthen its position in the US. It now owns 18 cement factories with an annual capacity of about 14m tonnes.

Co op sells Berlin stores to E Germans

By Andrew Fisher in Frankfurt

CO OP, the ailing West German retail concern which is struggling to stem heavy losses, has agreed to sell its 120 supermarkets in West Berlin to an East German co-operative in a deal which marks the first sizeable investment by an East German company in West Germany.

The stores to be acquired by VdK, the East German association of consumer co-operatives, have a turnover of DM700m ($415m). Included in the deal, to be signed next week at a price of nearly DM250m, will be the administration, stocks and transport operations of the West Berlin outlets.

The sale is the first step in Co op's new strategy of leaving itself with a viable block of profitable outlets. The company said yesterday it would reduce its operations to about 850 food stores in the western part of the country down to the Rhine-Maine area around Frankfurt. These would have a turnover of some DM4bn and a cost structure which would allow a net return of 1 per cent.

Co op's present turnover is around DM11bn from some 1,900 stores. It employs 46,000 people at its supermarkets, do-it-yourself and other outlets. Its operating loss totalled about DM250m last year, down from DM370m in 1988. For this year, it has forecast losses of some DM150m.

After the sale of its Berlin stores to VdK, however, and the eventual conclusion of negotiations with such concerns as Rewe, which wants to acquire the 420 Co op stores in the Munich and Stuttgart areas, the company will be less than half its original size.

It was this decision to shrink the group that prompted the resignation last month of Mr Hans Friderichs, the former Economics Minister and Dresdner Bank chief executive, as Co op's supervisory board chairman.

Rewe has made its offer to Deutsche Genossenschaftsbank which, with the Bank für Gemeinwirtschaft, holds the largest block of shares in Co op. They were left with their stakes when four foreign banks declined to take up their rights in a capital increase as part of Co op's financial restructuring.

Nearly half of Spanish gas utility to be floated

By Peter Bruce in Madrid

UP TO 49 per cent of the assets of a big new gas utility being formed in Spain by the state-owned Repsol energy group and La Caixa, the country's biggest savings bank, will be floated on the stock exchange, senior Repsol officials said yesterday.

Officials close to the negotiations said the new holding company would be prepared to buy up an increasingly controversial British Gas stake in the country's biggest gas group, Catalana de Gas, to allow the British to leave the sector.

Repsol and La Caixa announced on Wednesday that they had agreed to form a holding company to group their gas assets affiliates – 87 per cent of Gas Madrid and nearly 40 per cent of Catalana de Gas – which have a stock market capitalisation of more than Pta160bn ($1.56bn). The officials said the holding company would then float off another company containing the assets but retain at least 51 per cent of its shares.

To limit its industrial risk, La Caixa initially wanted to use a water utility, Aguas de Barcelona, in which it has a stake, as its contribution to the new holding company, but the Government was unhappy with that because Lyonnaise des Eaux of France has 25 per cent of Aguas.

In much the same way, Repsol's desire to copy the structure of gas utilities elsewhere in Europe and keep the about-to-be-grouped assets mainly national is putting pressure on the 8.5 per cent stake bought in Catalana last year by British Gas.

Officials close to the creation of the holding company said yesterday it would be prepared to buy out British Gas but would not make a formal offer. Government officials claim that British Gas did not consulted the authorities about its entry into Catalana, Spain's biggest gas utility, and has not discussed strategy with Madrid.

Flotation of up to 49 per cent of the new holding company's assets is likely to keep foreign participation to a minimum.

Plans for expansion face defeat

Groupe Bruxelles Lambert is spring cleaning, writes Lucy Kellaway

There is no point owning a big stake in a company if you do not have any control over it. This was the lesson painfully learned by Groupe Bruxelles Lambert earlier this year, when it wrote off its entire BFr3.2bn ($93.7m) holding in the bankrupt US securities house, Drexel Burnham Lambert.

The message has sunk home in GBL's Brussels headquarters, and as a result, a spring clean of the portfolio of one of Belgium's biggest and most secretive holding companies has begun.

Over the past two months there has been a series of deals designed to simplify and slim down GBL. Last week it put up for sale its stake in Henry Ansbacher, the British merchant bank, and yesterday announced that it had sold its 27 per cent holding in Wagons-Lits, the Belgian travel company.

Not only is GBL unloading its minority holdings, it is also beginning to simplify its relations with Pargesa, the Swiss holding company which owns more than 30 per cent of GBL, and with Paribas, the French bank.

The two moves are a reversal of the company's earlier strategy which saw the two great architects of the group, Mr Albert Frere, the Belgian steel boss, and Mr Gerard

Albert Frere: ambitious plans came to nothing

Eskenazi, the ex-Paribas executive who now runs Pargesa, embarking on an orgy of deals. Together they built a structure of awesome complexity with interests scattered from finance through energy to leisure, with every company tied through a series of cross-holdings to give the impression of a great hall of mirrors.

The new policy would seem to be an admission of defeat. The decision to sell Henry Ansbacher shows how that ambitious plan to build an international merchant banking network through a series of minority holdings around the globe came to nothing. This was a central part of the original plan; the supposed synergies never materialised.

Meanwhile the Wagons-Lits holding, which was built up over almost 20 years, was latterly doing nothing for GBL. It was not being consolidated in group results and was earning a return on assets of less than 2 per cent. Nor were there any commercial benefits of the stake, as frequent suggestions by GBL of possible deals were all turned down flat by the Wagons-Lit management.

There is little doubt that the sale – which raised more than BFr10bn for GBL and its associate Royal Belge, the insurance company – was a good one for GBL's shareholders. The same cannot be said for Wagon-Lits' shareholders. Thanks to the freewheeling way in which these things work in Belgium, GBL was able to pass on the stake to its friends at Société Générale de Belgique, which paid a whacking premium (some say of 20 to 30 per cent) price without making a general offer to shareholders.

Under Belgian rules a public offer only has to be made if control is being transferred, and despite the fact that the transaction will result in a wholesale change on the board of Wagon-Lits, the Belgian banking committee seems to have seen no problem.

The deal now leaves GBL with a great deal of money and a question mark over its ambitions. At its last balance sheet date it had liquid funds of about BFr14bn, but with much more in real resources. As most of its holdings are not fully consolidated, its real cash position is impossible to assess. However, Royal Belge has cash coming out of its ears: the two together could do something really big.

For the moment the idea seems to be to increase GBL's holding in Petrofina, the Belgian oil company of which Mr Frere became chairman in the spring. Petrofina now owns some 20 per cent of the company, and would like to take the holding up to 25 per cent, which would cost about BFr12bn.

There have also been mutterings about further expansion in Europe, again with the proviso that GBL would need to have some control over any future investment.

Exactly what value GBL can add through these big stakes is doubtful, but its shareholders are waiting anxiously for action and still giving the company the benefit of the doubt. The shares trade at just a fraction below their asset value of about BFr4,100 a share, implying that the market still believes in the concept of the holding company.

GAN set to complete FFr2.44bn issue

By George Graham in Paris

GROUPE des Assurances Nationales (GAN), the French state-owned insurance group, was last night expected to complete its FFr2.44bn ($436m) rights issue.

Paribas, the investment bank which led the international tranche of the offering, said the issue had been about five times oversubscribed on the international market and twice oversubscribed in France.

The issue has shrugged off poor stock market conditions and an ominous precedent: a FFr10.5bn capital increase in March by Union des Assurances de Paris (UAP), the largest French state insurer, met little domestic demand, and its international tranche had to be increased to complete the operation.

GAN's issue, too, met weaker demand in France than hoped for, but the company protected itself with a more competitive pricing than UAP had, and by attaching warrants to the shares. In addition, banks taking part in the placing syndicate received no initial allotments – an unusual condition for France although common in the international market. This helped to prevent a decline in the grey market share price – standing yesterday at about FFr2,170 compared with the offer price of FFr2,150. A decline happened with the UAP offering as banks sold off their allocations inside fees.

The FFr700m international tranche has benefited from a subscription estimated at FFr200m by Yasuda, the Japanese insurance group which is one of GAN's partners. Paris bankers thought it unlikely that SAI, the Italian insurance company of which GAN owns 10 per cent and which already has a stake in GAN International, would immediately follow suit.

Mr François Heilbronner, GAN's chairman, explains that the funds raised by the issue will allow the company to strengthen its financial resources and give it the means to achieve its acquisition projects.

GAN has already built up its European presence, in Italy through its link with SAI and in the UK through Minster in accident insurance, and through its recent acquisition of the life company General Portfolio.

"Between Great Britain and Italy there remains Germany. There is no reason why it should remain closed for ever. We have discussions with some companies, but they do not have the same sense of urgency as us about the European single market," Mr Heilbronner said.

On the domestic market, Mr Heilbronner said GAN's great strength was its control of its different exclusive distribution networks: its 1,500 tied agents, its commission-earning employees and direct sales force, and now the 1,200 branches of the CIC banking group, of which it took control from the state last year.

"I believe profoundly in exclusive networks; it is essential for an insurance company to control the downstream," he said.

GAN made net profits last year of FFr2.47bn, with FFr1.8bn from insurance.

INTERNATIONAL COMPANIES AND FINANCE

Singapore Aerospace first 1990 state sell-off

By Joyce Quek in Singapore

SINGAPORE Aerospace is to raise S$150m (US$81m) through the flotation of a third of its share capital, becoming the first company under the state's privatisation plan to go public this year.

The offer will finance the expansion of its operations, which cover airframe maintenance and modification, overhaul and repair of aircraft engines and components, manufacture of aircraft engines, airframe parts and components, and component supply.

The company is the first of the Government's Singapore Technologies (ST) group to make a share issue. ST's other three units operate in defence through Chartered Industries of Singapore, shipbuilding via Singapore Shipbuilding & Engineering, and industrial sectors with Singapore Technologies Industrial Corporation.

The 100m shares, at S$1.50 each, represent a price/earnings ratio of 18.5 times. Turnover was S$160.6m for the year to last December, and is predicted to rise to S$186m. Pre-tax profits are forecast to double to S$24.6m – still shy of the group's peak of S$28.8m in 1985.

This reflects the nature of the group's core businesses which comprise big contracts spanning several years on which revenues are recognised only on delivery. Weak profits in 1989 were also due to the group's reorganisation, expansion costs, a lull between contracts and higher start-up costs.

Singapore Aerospace expects to hit the S$28m pre-tax profit level within two to three years. The company is looking at 10 per cent growth over the next few years, much like Singapore Airlines.

In view of the sensitive aspects of some of the group's operations, the Government will hold a special share with wide powers of veto. In addition, foreign ownership is restricted to 15 per cent of its capital, and to 5 per cent by any single holder except Singapore Technologies, its holding company.

Singapore Aerospace started 15 years ago through Samco, an aircraft maintenance and modification company. In 1981 all related aircraft industries were grouped under Singapore Aircraft Industries, which was renamed Singapore Aerospace in 1989 to reflect its status as a national priority growth area.

Kokusai Kogyo hits fresh storm as shareholder quits

By Stefan Wagstyl in Tokyo

KOKUSAI KOGYO, a Japanese aerial survey company at the centre of a controversial takeover and a tax fraud investigation, was plunged into a new storm yesterday with the resignation from the board of its controlling shareholder.

Mr Mitsuhiro Kotani, who acquired the group 18 months ago in Japan's first large hostile takeover, quit at the annual meeting and announced plans to sell his 57 per cent shareholding.

Shareholders approved a decision by the directors of Kokusai that Mr Kotani should leave because of the damage his reputation as a speculative investor was doing to the group.

The board was also concerned about the impact of an investigation by the Tokyo district public prosecutors' office into allegations of tax evasion on profits from deals in Kokusai stock made two years ago, when Mr Kotani was building his stake.

Earlier this month, four former Kokusai executives were arrested. Prosecutors are also looking for a fifth executive, believed to have fled to Australia. The company's offices were searched in raids.

The probe focuses on how Koshin, Mr Kotani's investment group, won control of Kokusai Kogyo and who benefited from the way in which Mr Kotani's bid drove Kokusai's share price from Y1,900 to Y7,000 in 1987.

After yesterday's general meeting, Mr Kotani said he would sell his holdings to financial institutions so that the company could regain its credibility after a series of recent incidents.

However, he did not say when or how he would dispose of his stake. He did not elaborate on why he was leaving the group. It is understood that he resisted pressure from other directors until the last moment but eventually agreed when the banks funding his investment also demanded his resignation. One theory is that his departure will deflect from the company some of the adverse publicity surrounding the tax investigation.

Mr Kotani apologised for having brought trouble to Kokusai's staff. Employees said they were delighted with Mr Kotani's resignation. Earlier this year they staged a one-day strike to persuade him to quit.

A planning department manager said: "We have got over a great hurdle. This experience will unite the company."

A company trade union official added that Mr Kotani's intervention in the company had at least brought one benefit – the appointment of a strong president, Mr Haruki Tomono, a former senior official of Kyocera, the electronics and ceramics group. Mr Tomono will stay despite Mr Kotani's departure.

Tomson Pacific gains Bond's HK operation

By John Elliott in Hong Kong

CONTROL of Bond Corporation International (BCIL), Mr Alan Bond's Hong Kong company, yesterday passed to Tomson Pacific, a quoted local investment company controlled by Taiwanese, mainland Chinese and Hong Kong interests.

Mr Stanley Ho, the Hong Kong and Macao gambling executive, was one of five Tomson directors who joined the BCIL board yesterday after Tomson concluded arrangements to buy a 34.5 per cent stake in the company at HK$2.25 a share.

Another 31.5 per cent is to be placed with independent third party investors by July 27. The balance is held by minority interests which will receive a general offer if the placement falls short.

Eventually these transactions should yield Bond's Australian empire HK$1.98bn ($254m).

BCIL's other main asset is a 284 hectare Rome development site which is half-owned by BCIL with a first option to buy the remainder. If it does not do so, Tomson Development Corporation of Taiwan has agreed to buy it for US$70m.

The deadline for this transaction has been delayed from yesterday to July 9.

● FAI Insurances, an Australian company, said it had arranged a joint venture with Bond Corp on the Emu Brewery site in Perth, Reuter adds from Sydney.

In February Bond failed to buy back the site for A$194.8m as earlier agreed. FAI said the venture had so far yielded it A$84m through the sale of securities.

BZW buys stake in Woodside Petroleum

By Bruce Jacques in Sydney

BARCLAYS de Zoete Wedd of the UK was yesterday engaged in one of the biggest own-account transactions by a stockbroker in Australia after paying A$525m (US$413m) for a 30 per cent stake in Woodside Petroleum, a pivotal company in the country's North-West Shelf gas project.

It bought the shares from Broken Hill Proprietary (BHP), Australia's biggest company, for A$2.62 each in a deal which leaves BZW carrying the risk in seeking to sell the Woodside shares at a profit.

The broker appeared on the way to doing this last night, with several institutions, both in Australia and overseas, prepared to take the shares.

BZW's purchase price compared with Woodside's market price in Sydney yesterday of A$2.80, a 10 cent drop on the day.

The price has fallen heavily since January when BHP announced that it planned to offer its 40 per cent stake in Woodside by tender.

Woodside shares were then trading at A$3.30 each, but BHP was unable to attract realistic offers and its sale to BZW was seen as a fallback deal. It will now retain 10 per cent.

BHP has said that it is selling the Woodside shares to free funds for investment in its core operations, which comprise oil, minerals and steel.

Woodside's returns to date have been poor because the North-West Shelf project has only just begun the important export phase in which it ships liquefied natural gas to Japan.

It had been thought that the Shell group, BHP's main Woodside partner and a 40 per cent shareholder, might buy the Woodside shares. The Anglo-Dutch oil major is said to be displeased with what it sees as BHP's lack of long-term commitment to Woodside.

● BHP is today due to report its results for the year to May, which analysts expect will produce flat to slightly higher after-tax profits of about A$1bn to A$1.1bn, Our Financial Staff adds.

Yesterday its 56 per cent-owned BHP Gold Mines announced a rise in net profits to A$26.6m from A$19.2m. After accounting for abnormal items, the difference was sharper, with attributable profits of A$37m compared with a loss of A$136.6m.

The latest result reflected asset sales in New Zealand.

Block of Israeli banking shares put up for sale

By Judy Maltz in Jerusalem

THE ISRAELI Government yesterday put up for sale a block of shares in IDB Bankholding Corporation, setting into motion the privatisation of the country's leading banks.

IDB Bankholding, whose largest asset is Israel Discount Bank, is Israel's third largest banking group with a market value which has been estimated at between $600m and $800m.

MI Holdings, the state-run company handling the sale, said it was offering between 25.1 per cent and 51 per cent of the voting rights and share capital. Potential investors are asked to deposit $10m with the Treasury and obtain authorisation from the Bank of Israel. MI Holdings said it would approve the list of candidates by the end of September.

IDB has assets exceeding $16bn. Shareholders' equity totalled $659m by 1989, with net return on equity of just over 5 per cent.

The Government gained a controlling 71 per cent stake of IDB in 1983, when it bailed out the country's four leading banks to the tune of $7bn.

Late last month an agreement was reached under which the Recanati family, IDB's original owners, consented to having their voting rights equalised, thereby relinquishing control in the group to the Government. Until then the Recanatis, who are viewed as leading contenders to buy back the shares, had controlled the bank through special voting rights, although they only held 13 per cent of IDB's share capital.

IDB Bankholding is one of Israel's largest investment companies, with significant holdings in both the banking and industrial sectors. Israel Discount Bank operates as a dealer, underwriter and broker in the Israeli securities market. Israel Discount Bank of New York, one of its six overseas branches, is the largest Israeli bank operating abroad. The banking holdings also include Barclays Discount, jointly owned with Barclays of the UK.

Discount Investment Corporation, IDB's main industrial holding, has stakes in several Israeli companies whose shares are traded in the US.

EURO TUNNEL

THE WAY FORWARD IS OPEN

In Paris on June 27, the shareholders of Eurotunnel PLC and Eurotunnel SA approved the increases in capital which permit a rights issue to take place, once the additional credit facilities have been committed by the worldwide Banking Syndicate. The shareholders have opened the way forward to 1993.

THE FIXED LINK IS NEAR

In October, if present progress is maintained, the marine service tunnel* drives from England and France will come **within 500 metres** of each other and preparations for breakthrough will be intense. In 1990, Great Britain and France should be linked. **At dawn last Monday the service tunnel drives were 7¼ kilometres apart** after averaging a combined 60 metres a day for the previous 21 days.

EURO TUNNEL

A BREAKTHROUGH FOR BRITAIN

* One of three tunnels under construction.

INTERNATIONAL CAPITAL MARKETS

US bonds hold firm after heavy demand at auction

By Karen Zagor in New York and Deborah Hargreaves in London

US TREASURY bonds held firm yesterday morning as the optimism from Wednesday's strong four-year note auction carried over into morning trading.

At midsession, the Treasury's bellwether 30-year bond was up ¼ point at 103⅛, yielding 8.45 per cent, while at the short end of the yield curve the two-year issue was up ⅛ point for a yield of 8.31 per cent.

GOVERNMENT BONDS

Fed funds, the rate at which banks lend to each other, opened at 8⅛ per cent and were trading at that level when the Federal Reserve added liquidity to the system by arranging $2bn customer repurchase agreements.

There was no economic news of import yesterday morning, so the market concentrated on the afternoon auction of one-year notes. The previous day's $8.31bn sale of four-year notes had an average yield of 8.5 per cent with a 5.39:1 bid-to-cover ratio, the highest ratio for a four-year note sale.

In the high-yield "junk" bond market, prices firmed on reports that RJR Nabisco planned to reset the interest on $2.6bn of its junk bonds at 16.5 per cent of its high-yield pay-in-kind (PIK) bonds.

■ IT WAS a dull day for the gilt-edged securities market yesterday as prices followed the fortunes of sterling in the absence of any economic news.

After opening about ½ a point lower than Wednesday's close, 10-year bonds saw prices firm later in the day and finished at the same level as on Wednesday.

In a thin market, price moves were driven by futures trading as retail investors stayed on the sidelines. The Bank of England's trade-weighted index showed the pound lower in the morning at 90.9, but it recovered later to 91.3 – the same level as Wednesday's close.

■ RETAIL investors were also absent from the West German bond market. It firmed on technical factors as traders closed out positions.

Traders are awaiting news of the German Government's first issue of unity bonds. Speculation puts the bonds at about a DM5bn issue with a 9 per cent coupon and a price of 100.50 to 101.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	94-14	+04/32	12.40	12.40	12.74
		10.500	5/99	93-20	-01/32	11.67	11.66	12.19
		9.000	10/08	85-24	-01/32	10.79	10.77	11.20
US TREASURY *		8.875	05/00	102-21	+08/32	8.47	8.54	8.67
		8.750	05/20	103-06	+10/32	8.45	8.52	8.65
JAPAN	No 119	4.800	6/99	86.8840	-0.116	7.20	7.15	7.01
	No 2	5.700	3/07	91.6770	-0.266	6.76	6.71	6.64
GERMANY		7.750	02/00	93.7500	+0.070	8.72	8.86	8.72
FRANCE	BTAN	9.000	02/95	96.3106	+0.001	10.00	10.10	9.94
	OAT	8.500	03/00	92.9300	+0.230	9.63	9.74	9.60
CANADA *		9.750	05/00	94.3600	+0.050	10.69	10.91	11.13
NETHERLANDS		9.000	05/00	100.6900	+0.110	8.89	8.97	8.95
AUSTRALIA		12.000	7/99	82.1645	-	13.53	13.56	13.41

London closing, *denotes New York morning session
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Volkswagen in Spanish share issue

By Stephen Fidler, Euromarkets Correspondent

VOLKSWAGEN is set to become the first foreign company to make a public offering of shares in Spain next month.

Banco Bilbao Vizcaya said yesterday it would underwrite and sponsor an issue of 83,000 ordinary shares of VW, representing 0.25 per cent of the company's outstanding share capital.

The shares will be listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

The share price will be fixed on July 20.

The offer will be open to subscribers, each limited to 600 shares, between July 23 and July 26.

NY bank chief sees higher interest rates and inflation

By Rachel Johnson in Edinburgh

MR GERALD Corrigan, the president of the New York Federal Reserve Bank, yesterday suggested that the 1990s would see increased real interest rates and inflation.

His address to the World Business Forum's conference – commemorating the bicentenary of Mr Adam Smith's death – was an uncharacteristically detailed prognosis, as he is known as a banker who prefers to expound on banking issues without having to apply his views to concrete situations.

Mr Corrigan suggested that the root cause for the increased interest rates and inflation was that there were insufficient global savings to finance the investment needed to restructure eastern Europe and develop the Third World.

"There is nothing to suggest that savings rates are rising," he said. The appetite for savings in eastern Europe, Latin America and elsewhere would mean "something would have to change."

Interest rates would have to stay high, he said, implying that world interest rates were likely to rise as the demand for capital grew. (This was an implication he later denied with the assertion that he never made forecasts.)

Central banks, he said, could create money, but they could not create savings.

Countries with budget surpluses, such as West Germany, could be made to "free up" their savings to the benefit of countries such as the UK – whose savings rate dropped in the 1980s.

Joyo Bank's investor deal is reply to deregulation

By Stefan Wagstyl in Tokyo

JOYO Bank, a leading Japanese regional bank, yesterday cocked a snook at its mighty metropolitan rivals and announced one of the most innovative responses so far to financial liberalisation.

It is signing operating agreements with four large financial institutions – Nikko Securities, Mitsubishi Trust and Banking, Nippon Fire and Marine and Daihyaku Mutual Life – all of them shareholders of the bank.

The companies will co-operate with Joyo to sell the bank's customer services, including corporate finance, property trusts, and life and casualty insurance. The bank will send trainees to its new partners.

Other small banks and regional financial institutions could follow in Joyo's footsteps as they try to develop the skills and products they need to cope with the competitive pressures of deregulation.

Joyo's move comes after the publication of reports by the Ministry of Finance, which indicated that the walls which have divided different types of financial company in Japan will probably come down.

Even though there is great argument about the pace and extent of change, there are signs that small financial companies, including regional banks, will be permitted to move faster into new areas than larger institutions. Otherwise, the ministry feels that small companies will have little chance of competing.

Mr Takanori Saito, a planning department manager at Joyo, said: "While they are fighting and discussing with each other at the centre, in the regions we are getting on with things." Local people wanted one-stop financial shopping, he said. Companies in the regions had to respond to stop further centralisation of services in Tokyo.

The company, based in Ibaraki on the northern outskirts of Tokyo, has 164 branches. Mitsubishi Trust has no branches in Ibaraki prefecture. Daihyaku Life and Nippon Fire and Marine have two each. Mr Saito said the need for a local presence was the main attraction of Joyo to its partners.

Joyo had total assets of Y8,676bn ($56bn) at the end of March, the third biggest among regional banks.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.
Latest prices at 8:15 pm on June 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	98¾	99¼		9.38
ALBERTA PROVINCE 9 3/8 95	600	100¼	101	+⅛	9.20
AMERICAN GENERAL 9 3/4 95	100	97⅛	97⅝	+⅛	10.42
AUSTRALIA 11 1/4 00	100	110¼	111¼	+2⅛	9.58
AUSTRIA 8 1/2 00	400	95⅝	95⅞	+⅛	9.27
BANK OF TOKYO 8 3/8 96	100	95¼	95⅝	+⅛	9.47
BELGIUM 9 1/8 92	400	100⅛	100⅝		9.05
BFCE 7 3/4 97	150	92⅞	93¼	+⅛	9.21
BNP 8 5/8 94	300	98	98⅜	+⅛	9.22
BP CAPITAL 9 5/8 93	150	100⅞	101⅛	+⅛	9.29
CANADA 9 96	1000	100⅛	100½	+⅛	8.95
CCCE 9 1/4 95	300	100⅛	100⅝	+⅛	9.09
COUNCIL EUROPE 8 96	100	94⅝	95	+⅛	9.18
DENMARK 0 98	250	48⅞	49⅜	+⅛	9.37
DENMARK 8 1/4 94	150	96⅝	97⅛	+⅛	9.22
ECSC 8 1/4 96	193	95⅛	95⅝	+⅛	9.22
EEC 7 1/4 93	250	98	98⅜	+⅛	8.96
EIB 7 3/4 96	250	93⅛	93⅝	+⅛	9.20
EIB 10 97	250	103⅞	104¼	+⅛	9.19
ELEC DE FRANCE 9 98	200	99⅛	99⅝	+⅛	9.10
EUROFIMA 9 1/4 96	100	100⅝	101⅛	+⅛	9.06
EXPORT DEV CORP 9 1/2 98	150	101¼	101⅝	+⅛	9.27
FINLAND 7 7/8 97	200	92⅝	93⅛		9.41
FINNISH EXPORT 9 3/8 95	200	100⅞	101¼	+⅛	9.14
FORD MOTOR CREDIT 9 1/2 93	300	100⅞	101¼	+⅛	9.19
GAZ DE FRANCE 12 1/4 93	175	104¼	105¼	+⅛	10.41
GEN ELEC CAPITAL 9 3/8 96	300	101	101⅜	+⅛	9.15
GMAC 9 1/8 96	200	99¼	99⅝	+⅛	9.28
HALIFAX 9 1/2 93	200	100⅜	100⅝		9.35
IBM WORLD TRADE 7 5/8 93	150	95⅝	96⅛		9.29
IND BK JAPAN FIN 7 7/8 97	200	92⅝	93	+⅛	9.41
INTER AMER DEV 7 5/8 96	200	92⅞	93⅜	+⅛	9.29
ITALY 8 1/2 94	1500	97⅝	98	+⅛	9.13
JAPAN DEV BK 8 94	150	96½	97	+⅛	9.10
KANSAI ELEC PWR 10 96	350	102⅝	103	+⅛	9.40
LTCB 8 5/8 93	150	98⅝	99⅛	+⅛	9.13
NEW ZEALAND 8 93	100	96⅝	97	-⅛	9.50
NIPPON CRED BK 9 3/4 93	150	101⅛	101⅝	+⅛	9.30
NIPPON TEL & TEL 9 3/8 95	200	100⅞	101⅜	+⅛	9.15
NISSAN ACCEPT CORP 9 1/4 91	150	99⅝	100⅛	-⅛	9.69
OLYMPIA & YORK 8 1/4 96	435	90	92	-⅛	10.58
ONTARIO HYDRO 11 5/8 94	200	106⅞	107⅜	-⅛	9.50
OSTER KONTROLLBANK 8 1/8 93	200	98	98⅜	+⅛	8.95
PRUDENTIAL RLTY SECS 0 99	365.216	46¼	46¾	+⅛	9.44
QUEBEC HYDRO 9 3/4 98	150	101⅝	101⅞	+⅛	9.49
QUEBEC PROV 9 98	200	97⅝	97⅞	+⅛	9.48
SAINSBURY 9 1/8 96	150	98⅝	99⅛	+⅛	9.41
SAS 10 99	200	101¼	102	+⅛	9.76
STATE BK STH AUST 9 1/4 93	100	99⅝	100⅛	+⅛	9.38
SUMITOMO TST 7 3/4 91	100	98⅜	98⅝		9.20
SWEDEN 8 1/8 94	150	96⅝	97⅛	+⅛	9.24
SWEDISH EXPORT 9 5/8 93	100	101⅛	101⅜	+⅛	8.98
TOKYO METROPOLIS 8 1/4 96	200	95¼	95⅝	+⅛	9.25
WORLD BANK 8 3/8 99	1500	96½	96⅞	+⅛	9.13
WORLD BANK 8 3/4 97	1500	99⅜	99⅝	+⅛	9.12
XEROX CORPN 8 3/8 96	100	95	95½		9.92

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	96¼	96¾	+⅛	8.94
AUSTRIA 6 98	400	83⅜	83¾	+⅛	9.02
CNT 6 1/8 98	200	83¼	83½	+⅛	9.07
CREDIT FONCIER 6 3/4 99	500	86¼	86⅝	-⅛	9.09
DEUTSCHE BK FIN 5 5/8 96	750	85¼	85⅝	+⅛	8.94
EEC 5 3/8 93	300	91⅛	91½	-⅛	9.35
EIB 6 1/8 96	300	86½	86⅞	+⅛	9.14
EIB 6 7/8 95	300	91⅛	91¼	+⅛	9.01
ELEC DE FRANCE 6 1/8 98	300	82⅞	83¼	+⅛	9.15
EUROFIMA 6 1/4 98	400	83	83⅜		9.34
FERRO DEL STAT 5 3/8 93	500	91⅜	91⅞	+⅛	9.06
IND BK JAPAN FIN 5 5/8 96	200	84⅛	84⅜	+⅛	9.10
INTER AMER DEV 7 1/4 99	300	88⅝	88⅞	-1⅛	9.21
LUFTHANSA INT FIN 5 7/8 98	500	81⅝	81⅞	-⅛	9.28
QUEBEC HYDRO 6 3/4 99	300	84⅝	84⅞		9.39
SWEDEN 6 1/8 98	300	84⅛	84⅜	+⅛	9.06
WORLD BANK 0 15	2000	14⅛	14⅜		7.95
WORLD BANK 5 3/4 96	300	85⅛	85⅝	+⅛	9.10
WORLD BANK 7 1/8 95	500	93⅞	93⅝		8.98

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	87½	87½		7.18
AUSTRIA 4 5/8 98	100	90½	90⅞	+⅛	6.22
COUNCIL EUROPE 4 3/4 98	250	87⅛	87⅜		6.90
DENMARK 3 3/4 91	100	97	97		8.34
EEC 5 1/2 00	100	89½	89⅞		6.94
EIB 5 3/4 93	100	97½	97⅞		6.60
FINLAND 5 3/8 95	150	94	94⅜	+⅛	6.74
JAPAN DEV BK 5 1/2 94	100	97	97		6.44
MOUNT ISA FINANCE 5 3/4 94	100	90	90		8.91
NEW ZEALAND 4 7/8 99	200	85½	85⅞		7.19
POLLY PECK INTL FIN 6 1/4 96	100	84⅛	84⅝		9.94
QUEBEC HYDRO 5 08	100	80	80		7.00
SKANDINAVISKA ENSK 6 1/2 95	100	98⅛	98⅜	+⅛	6.82
WORLD BANK 6 1/4 92	100	98⅝	98⅞		6.96
WORLD BANK 7 1/4 92	100	100½	100⅞		6.97

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	92⅞	93	-⅛	7.16
CANADA 4 3/8 92	80000	95⅛	95⅜		7.08
CREDIT FONCIER 5 1/4 94	20000	92⅞	93⅛	-⅛	7.22
DENMARK 7 95	40000	99⅝	100	-⅛	7.05
EIB 4 5/8 94	40000	92	92⅜	-⅛	7.06
FNMA 6 7/8 92	50000	99⅛	99⅜	-⅛	7.34
GENERAL ELECTRIC 5 3/4 93	35000	96⅛	96⅜		7.28
ITALY 5 3/4 92	150000	97⅞	98⅛	-⅛	7.14
KANSAI ELEC PWR 4 5/8 94	60000	91⅛	91⅜	-⅛	7.35
NIPPON TEL & TEL 5 7/8 96	50000	94⅛	94⅜	-⅛	6.98
NORWAY 5 1/8 95	50000	92⅛	92⅜	-⅛	7.02
SWEDEN 5 5/8 95	20000	93⅞	94⅛	-⅛	7.05
WORLD BANK 6 3/4 00	50000	98⅛	98⅜	-⅛	6.94

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	92	93	+⅛	9.60
KREDIETCORP 7 93 LFr	1000	93	94	+⅛	9.70
WORLD BANK 8 96 LFr	1000	93	94		9.61
AMRO BANK 6 1/4 92 Fl	150	94	94½		9.47
DENMARK 8 1/2 91 Fl	100	98⅝	99⅛	-⅛	9.84
RABOBANK 5 3/4 93 Fl	150	91⅛	91⅝		9.35
WORLD BANK 6 1/4 91 Fl	100	97	97½	-⅛	10.74
ALBERTA PROVINCE 10 92 C$	500	95⅝	96⅛	+⅛	12.39
BCE INC 9 5/8 93 C$	300	92	92½	+⅛	12.66
BELL CANADA 10 5/8 99 C$	150	93⅝	93⅞	+⅛	11.85
BRITISH COLUMBIA 12 1/4 91 C$	100	97⅝	98⅛	+⅛	13.84
EIB 10 1/8 98 C$	130	91⅛	91⅝	+⅛	11.90
FORD CREDIT CANADA 10 94 C$	100	92⅝	93⅛	+⅛	12.37
GENERAL ELECT CAP 10 1/4 93 C$	175	94⅝	95⅛	+⅛	12.41
MONTREAL TRUSTCO 8 1/2 92 C$	100	92⅞	93⅜	+⅛	13.05
ONTARIO HYDRO 10 7/8 99 C$	500	95⅝	96⅛	+⅛	11.70
QUEBEC PROV 10 1/2 98 C$	200	92⅝	93⅛	+⅛	11.91
ROYAL TRUSTCO 10 1/4 93 C$	100	94⅝	95⅛	+⅛	12.77
SWEDEN 9 3/4 93 C$	250	94⅝	95⅛	+⅛	12.11
AUSTRIA 7 3/8 93 Ecu	125	93⅜	93⅞	-⅛	10.34
CNT 7 3/8 93 Ecu	250	92⅞	93⅜	-⅛	10.57
CREDIT LYONNAIS 9 96 Ecu	125	94⅝	95⅛	+⅛	10.19
DENMARK 7 5/8 96 Ecu	250	88	88½		10.47
EEC 7 5/8 94 Ecu	200	91⅛	92⅛		10.42
EIB 10 97 Ecu	500	98⅝	98⅞		10.27
ITALY 10 3/4 00 Ecu	1000	102⅝	103	+⅛	10.28
SWEDEN 7 1/2 93 Ecu	250	92⅝	93⅛		10.11
BMW FINANCE 14 1/2 92 A$	100	100⅛	100⅝	-⅛	14.32
COUNCIL EUROPE 13 93 A$	50	98⅝	99⅛		13.50
EKSPORTFINANS 12 3/8 95 A$	75	93	93½	+⅛	14.44
FORD CRED AUST 13 93 A$	50	96⅛	96⅝	+⅛	14.69
HEINZ 12 3/4 91 A$	100	97⅝	98⅛	+⅛	15.35
ICI 15 1/2 92 A$	100	101⅛	102	+⅛	14.51
NAT AUSTRALIA BANK 14 3/4 96 A$	150	100⅝	100⅞	+⅛	14.52
STATE BK NSW 14 1/4 99 A$	100	99⅝	100⅛	+⅛	14.29
VOLKSWAGEN INTL 15 94 A$	100	102⅝	102⅞		14.10
BARCLAYS JERSEY 9 1/2 93 £	250	91⅛	91⅝		13.44
EIB 10 97 £	300	88½	88⅞	+⅛	12.64
FORD CREDIT FUNDING 9 5/8 93 £	50	90⅝	91⅛	+⅛	13.85
INTER AMER DEV 11 3/8 95 £	75	95⅝	96	+⅛	12.64
ITALY 10 1/2 14 £	400	87⅝	88	+⅛	12.07
LAND SECS 9 1/2 07 £	200	75	75½	-⅛	13.27
LEEDS PERMANENT 9 1/4 93 £	50	90⅝	91⅛	+⅛	13.32
NORWAY 10 1/2 94 £	200	93⅛	93⅝		12.94
ROLLS-ROYCE 9 5/8 93 £	150	90⅛	90⅝		13.80
SAINSBURY 10 7/8 93 £	100	93⅞	94⅛	+⅛	13.82
WORLD BANK 11 1/4 95 £	100	95⅛	95⅝	+⅛	12.59
BARCLAYS BK 13 1/4 92 NZ$	50	101	102		12.65
UNILEVER CAP CORP 14 92 NZ$	60	101⅛	102⅛	-⅛	12.90
AIDC 7 7/8 93 FFr	600	93⅛	93⅝		10.40
DENMARK 8 1/8 91 FFr	1000	97⅛	97⅝		10.18
EURATOM 7 5/8 98 FFr	500	85⅝	86⅛	+⅛	10.30

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.95	100.03	15.3125
ALBERTA PROVINCE 1/32 93	500	99.89	99.99	8.4063
ALLIANCE & LEICS 0.08 94 £	300	99.89	99.94	15.3300
BANCO DI NAPOLI INT 91	150	99.96	100.07	8.8750
BANCO ROMA 0.03 01	200	95.93	96.19	8.4675
BELGIUM 1/16 97 DM	500	100.04	100.15	8.9375
BFCE -0.02 96	350	99.82	99.92	8.4175
BNP 05	300	98.76	98.86	8.3750
BRITANNIA 1/10 96 £	150	99.91	99.96	15.3500
CITICORP 1/4 98	500	96.56	96.86	8.5625
CITIZENS FED 0.15 96	100	98.79	99.88	8.7125
COMMERZBK O/S FIN 93	200	99.59	99.69	8.3125
DENMARK -1/8 96	1000	99.13	99.23	8.1875
FERRO DEL STAT 94	200	100.28	100.38	8.4375
HALIFAX 1/10 94 £	200	100.06	100.11	15.3500
MITSUI FIN ASIA 1/8 96	100	99.91	100.02	8.5625
MORGAN (JP) 1/4 97	250	99.71	100.08	8.5625
NAT WEST FIN 3/16 05	400	97.50	97.82	8.4025
NEW ZEALAND 93	500	99.44	99.54	8.2500
NORTHEAST SAVINGS 1/10 96	150	99.05	99.88	8.5375
PORTUGAL 0.05 93	700	99.89	99.99	8.4875
QUEBEC PROV 01	300	97.58	97.54	8.5000
RENFE 98	500	99.64	99.74	8.5000
SOCIETE GENERALE 96	900	99.27	99.37	8.6250
UNITED KINGDOM -1/8 96	4000	99.77	99.81	8.1250
WELLS FARGO 1/16 94	150	98.00	98.50	8.3750

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	100⅛	101⅛	+22.01
ASDA-MFI 4 3/4 02 £	100	1.64	105⅛	106⅛	+43.67
BURTON GROUP 4 3/4 01 £	110	3.15	107⅛	108⅛	
EASTMAN KODAK 6 3/8 01	300	50.67	94⅛	95⅛	+19.55
GOODYEAR TIRE 6 7/8 03	150	80⅛	73⅛	74⅛	+69.83
GRACE (WR) 6 1/4 02	150	42⅛	85	85⅞	+22.94
GRAND MET 6 1/4 02 £	100	6.58	103⅛	104⅛	+5.62
HAWLEY 6 02 PREF	400	1.91	110⅛	111⅛	+7.95
HILLSDOWN 4 1/2 02 £	150	4.16	98⅛	99⅛	+46.16
INTL PAPER 5 3/4 02	200	68⅛	88⅛	89⅛	+18.12
LAND SECS 6 3/4 02 £	84	6.72	83	84	+9.80
METAL BOX 5 3/4 02 £	65	1.95	105⅛	107⅛	-2.35
MITSUBISHI BK 1 3/4 02	300	2727.1	87	89	-2.34
OGDEN 6 02	85	39.077	84⅛	85⅛	+27.24
PACIFIC DUNLOP 6 3/4 97	75	3.749	106	107	-0.97
TEXAS INSTRUMENTS 2 3/4 02	300	82⅛	76⅛	77⅛	+63.09
THORN EMI 5 3/4 04 £	103	7.45	106⅛	107⅛	+2.80

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by Association of International Bond Dealers.

Greece in drachma bonds offer

By Kerin Hope in Athens

GREECE is offering two 18-month drachma bonds, index-linked to the Ecu and US dollar respectively.

The Ecu bond, the third to be issued this year, is at 11 per cent. The two previous issues raised more than Dr180bn ($1.08bn). The dollar bond, the first to be issued by the Bank of Greece, is at 9.2 per cent. Both bonds are tax-free and are being issued at par with a face value in Ecu and dollars respectively, as well as drachmas.

According to the Bank of Greece, funds imported from abroad to buy the new bond could be freely converted and re-exported when the buyer sold or when the issue expired.

The drachma is expected to slip by at least 13 per cent against the US dollar during 1990 and "perhaps a little less against the Ecu," according to a central bank official.

DnB plans new class of shares

DEN norske Bank, Norway's biggest bank, plans to create a new class of free shares aimed at foreign investors, Reuter reports from Oslo.

"DnB free shares would include all DnB shares in foreign ownership," the bank said. "For the time being this is around 15 per cent of the bank's total capital, including B shares."

Under the proposal, current non-voting B shares would cease to exist. DnB's B shares are owned by Scandinavian Banking Partners and represent about 3.92 per cent of share capital.

"We want to stimulate foreign interest," said DnB. But there were no plans to raise the quota of shares owned by foreigners above the current 15 per cent, it said.

Correction

Australian Banks

CREDIT ratings by Standard & Poor's for National Australia Bank and Commonwealth Bank were incorrectly stated on June 26 as AAA. They are instead rated AA.

Anglian Water launches £100m loan stock issue

By Tracy Corrigan

ANGLIAN WATER became the first UK water company to tap the sterling bond market when it launched a £100m issue of inflation index-linked loan stock yesterday, the largest such issue outside the gilts market.

Many of the water companies, which were privatised last year, have been hampered in their efforts to raise funds by unfavourable conditions in the sterling bond market this year.

Anglian abandoned plans to bring a conventional fixed-rate sterling bond issue, in favour of an issue structured so that interest and redemption payments were determined by the movement of the UK retail price index, using the same formula as for index-linked gilts.

Mr Chris Mellor, Anglian's group director of finance, said the inflation-linked structure provided an appropriate fit with water companies' revenues, as their charge-increase formula is also inflation-linked.

The 5⅛ per cent 18-year issue was launched at a spread of 100 basis points above the 2½ per cent index-linked gilt due 2009.

● The French water company, Compagnie Générale des Eaux, brought a FFr4.6bn issue of 6 per cent bonds with equity warrants, of which FFr1.5bn was placed internationally. Lead manager Société Générale said the international tranche was several times oversubscribed.

The bonds are priced at FFr2,850, with one warrant attached.

Two warrants can be used to buy one share at a price of FFr3,200, a relatively low premium of 7.6 per cent above Wednesday's closing price on the Paris Stock Exchange of FFr2,646.

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Ford in $200m Eurobond offer

By Tracy Corrigan

FORD Motor Credit brought a $200m issue of three-year Eurobonds, locking in lower fixed-rate funding levels. Many US companies have stayed away from the market for much of this year in the hope that easier interest rates will allow them to lock in lower fixed-rate borrowing costs.

Ford's on-going requirement for fixed-rate funds is more substantial than most, and the majority of US corporate borrowers are waiting for the US long bond yield to fall at least below 8.35 per cent, from its current level of 8.45 per cent. Some are still waiting for the yield to fall as low as 8 per cent. The lack of swap opportunities means that such borrowers are likely to be the mainstay of new issue supply.

Ford's 9 per cent bonds offered a yield spread of 50 basis points above the three-year US Treasury, at the fixed reoffered price. Dealers said the issue was priced on the aggressive side, although a lack of liquid deals at that maturity makes it difficult to assess fair pricing levels. For example, Ford has two outstanding issues maturing in 1992, one of which trades 47 basis points over the comparable US Treasury, while the other trades at a spread of 74 basis points. Lead manager Morgan Stanley International reported demand from both retail and institutional investors, buoyed by a substantial redemptions of short-dated corporate paper in the sector.

INTERNATIONAL BONDS

Also in the dollar sector a $100m issue of 9.05 per cent six-year bonds for Skandinaviska Enskilda Banken, arranged by Mitsubishi Trust International, was targeted at Japanese investors and will not be actively traded.

● Samuel Montagu (Suisse) has ceased trading Swiss franc bonds. An increase in the financial subsidiary's capital base, was not felt to be justified by expected returns on the operation, Midland Montagu said.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
Anglian Water(a)♦	100	5⅛	101.703	2008	½	J. Henry Schroder Wagg
Alliance & Leicester(b)♦♦	300	(b)	100	undated	n/a	Merrill Lynch
US DOLLARS						
Ford Motor Credit(e)♦	200	9	99.80	1993	1⅞/1.175	Morgan Stanley Int.
Skand.Enskilda Banken(c)♦	100	9.05	101.725	1996	1⅞/1¼	Mitsubishi Trust Int.
CANADIAN DOLLARS						
Deutsche Bank Finance(c)♦	100	11½	99⅞	1995	1⅞/1¼	Deutsche Bank Cap. Mkts
FRENCH FRANCS						
Cie Generale des Eaux(d)#♦	1.5bn	6	FFr2850	1996	2½	Societe Generale
SWISS FRANCS						
McDonald's Corp.(c)★★♦	65	7⅛	101½	1993	1⅛	Wirtschafts-und Privatbk
Mitsuba Electric Mfg.(c)★★♦	50	7⅝	101	1995	1⅝	Wirtschafts-und Privatbk

★★Private placement. #With equity warrants. ♦Variable rate notes. ♦Final terms. a) Linked to index-loan stock due 2008. Non-callable. b) Issue increased from £200m. Initial coupon ⅜% over 3-month Libor. Fall back rate: years 1-5 90bp over Libor, years 6-10 100bp over, years 11-20 125bp over and 145bp over thereafter. c) Non-callable. d) Total of FFr4.6bn issued of which FFr1.5bn aimed at international investors. One warrant per bond. Two warrants can be exercised into one new share at FFr3,200 between Aug 1990 and June 1993. e) Fixed re-offer price. Non-callable.

Economists attack UK scheme for hard Ecu

By Stephen Fidler, Euromarkets Correspondent

THE British Government's proposal for a hard Ecu would destroy the current Ecu basket and deliver a blow to one of the few growth areas in the international capital markets, according to economists at Swiss Bank Corporation.

"If the proposal is to be taken at face value, this hard Ecu would not be able to have any relationship with the existing Ecu or for that matter its existing components," say the economists, led by Mr Jim O'Neill.

Mr John Major, the UK Chancellor, proposed a hard Ecu – one which would never be devalued against any European Community currency – in a speech last week as an alternative to the European monetary union proposals of Mr Jacques Delors. Mr Delors' three-stage approach to union is supported by most EC member states but opposed by the UK Government.

More than $10bn equivalent of Ecu bond issues have been launched so far this year, compared with about $12bn for the whole of 1989, when it represented about 5-6 per cent of bond market issuance.

"Assuming the UK Government understands that its proposal would ultimately destroy the current Ecu basket, there appears to have been very little recognition of the huge growth of the private market in Ecu instruments in recent years and, perhaps more importantly, the strong backing to this market from the EC," the economists say in a report.

"If European inflation persists and inflation in West Germany is kept at the lowest level, then European Monetary Union will succeed.

Moreover, there will be no difference between the D-Mark, existing Ecu or hard Ecu."

Noting scepticism among policy makers at the proposals, they conclude: "We find it highly unsuitable but luckily highly unlikely for the UK proposals to be given serious attention on the road to European Monetary Union."

An exchange by any other name

Deborah Hargreaves on possible acronyms for a new merged market

With their penchant for acronyms, London's flamboyant futures traders have been toying with a name for a joint exchange ever since the London International Financial Futures Exchange agreed to merge with the London Traded Options Market two months ago. LOAF is one suggestion – short for the London Options And Futures exchange – where you make your bread. Another one is DEAL – Derivatives Exchange At London.

The name of the merged market has also been exercising the minds of the working party created to draw up the merger plan and it was left to a final meeting yesterday to decide upon the winning acronym. The report on the merger should be submitted to the boards of the two exchanges over the weekend and made public on Monday.

Although the two markets will probably agree on a full merger, they will continue to exist separately for some time. Whichever new building the exchanges decide to move into, it will not be ready before the second half of next year and Liffe's floor is already far too crowded to allow LTOM to camp out on it.

The site of the new market has been the subject of intense debate among members of the merger committee and could still be unresolved when it submits its final report. However, it looks increasingly likely that the exchanges will plump for Cannonbridge – the site above London's Cannon Street station which is not far from their existing locations.

The Stock Exchange has offered its deserted trading floor to the new exchange at a nominal fee, but the floor would need considerable redevelopment and would be unpopular with Liffe members. The merged exchange will want to distance itself from the Stock Exchange which has been running LTOM. Other options for a building include the old Billingsgate fish market and a development at Canary Wharf in the London docklands.

The redevelopment of a building for the new market would prove the greatest cost of a merger and could run as high as £15m. Funding of the merger has proved to be a controversial issue, but it could be financed by a sale of rights issues, which is a method Liffe has used before to raise cash.

Although Liffe members are concerned about footing the bill for a merger with the straitened LTOM, board members at both exchanges point to the cost savings firms will gain from combining their current operations in the two markets.

LTOM is in the middle of instituting a significant cost-cutting programme to get its break-even point down to a daily turnover of 30,000 lots. The market currently has to trade 45,000 contracts to balance its budget and it has not reached this level for several months. The exchange was looking at a change in its way of trading to move from a marketmaker system towards a specialist system of trading, but this has proved unpopular and will probably be shelved.

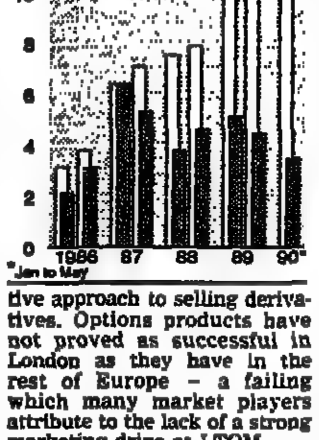
No matter how much LTOM prunes its costs, it will be the junior partner in any merger and options traders have accepted this with an air of resignation.

While it will take some time to meld the two exchanges' different trading styles, the larger market will carry more clout when it comes to selling its products.

A partnership with Liffe will give the less successful options market a shot in the arm since it will bring a bigger marketing budget and a more innovative approach to selling derivatives. Options products have not proved as successful in London as they have in the rest of Europe – a failing which many market players attribute to the lack of a strong marketing drive at LTOM.

Turnover

Contracts (millions)



*Jan to May

In the run-up to the EC single market in 1992, a joint futures and equity options market in London could be a driving force behind the development of derivatives in Europe. Liffe-LTOM will be an important experiment in trading financial futures, stock indices and equity options side by side since the products have never been traded under one roof.

The merger of the two regulatory bodies, The Securities Association and the Association of Futures Brokers and Dealers, which was announced yesterday, will provide an additional fillip to the cross-fertilisation of these products. There are many members of the TSA which are becoming much more involved in the futures markets, but are currently unable to do more than 5 per cent of their turnover in futures without paying the additional subscription for joining the AFBD.

In addition, the two markets will be able to pool resources in the race to create Euro-products. It is well known that both are looking at trading futures and options on a Euro-index of stocks. Competition to develop a Euro-index is fierce, with France's Matif futures exchange actively researching an index and the European Options Exchange ready to launch its product this summer.

In the grand scheme that Mr David Burton, Liffe chairman, envisages, all London's derivatives markets will get together under one roof before long.

Mr Burton is keen to extend the invitation to the City's four other commodity markets to join a Liffe-LTOM partnership which he says he would like to do "sooner rather than later."

Midland to sell mine stake

By Stephen Fidler, Euromarkets Correspondent

MIDLAND BANK has agreed to sell half its interest in a Chilean copper mine which it acquired through a debt-to-equity swap.

The stake in Companhia Minera Los Pelambres is being purchased by Lucky-Goldstar International Corporation, the Korean company.

Lucky-Goldstar is paying more than $30m for its 40 per cent stake. Midland will be left with a similar stake and the Antofagasta Holdings Group will hold the remainder.

Midland made its original investment in November last year when it exchanged $63m of Chilean foreign debt to acquire an investment in the mining company valued at $53m. This represented a 16 per cent discount on the debt at a time when the discounts available for cash in the secondary market were deeper, at about 35 per cent. It was the largest debt swap to fund investment in the Chile mining industry.

Hafnia buys Norse stake

By Hilary Barnes, in Copenhagen

HAFNIA, the insurance-based financial services group, has acquired a one-third share in Norway's Norse Holding, which operates a stockbroking company and a small merchant bank. Hafnia has an option to acquire another 55 per cent in Norse when Norwegian legislation is changed to permit a larger foreign stake in Norwegian financial service companies.

Norse made a pre-tax profit of NKr22m last year and has 40 employees. The Norwegian companies will join Hafnia's merchant bank, Hafnia Erhversbank, to strengthen Hafnia's position in the Scandinavian market, said Hafnia.

● Citibank, the US's largest bank, is to open representative offices in Czechoslovakia and Poland on July 1, writes David Lascelles.

They will be located in Prague and Warsaw and will assist clients in identifying local partners.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wednesday June 27 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Tue Jun 26 Index No.	Mon Jun 25 Index No.	Fri Jun 22 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (198)	899.41	-0.8	12.93	5.11	9.42	19.75	906.53	902.71	899.01	969.66
2 Building Materials (27)	1153.85	-0.8	13.47	5.21	9.19	27.29	1163.60	1162.13	1144.72	1197.00
3 Contracting, Construction (36)	1470.04	-0.9	16.37	5.61	7.95	34.92	1483.12	1471.96	1447.94	1620.73
4 Electricals (10)	2583.81	-1.5	10.99	5.14	11.20	61.43	2628.85	2619.46	2627.99	2851.34
5 Electronics (29)	1792.13	-0.9	10.37	4.20	12.50	26.12	1808.90	1809.08	1801.59	2227.67
6 Engineering-Aerospace (8)	473.52	-0.4	13.69	4.92	8.71	9.54	475.51	473.74	473.03	0.00
7 Engineering-General (43)	500.58	-0.4	11.75	5.10	10.27	10.10	502.64	498.84	502.08	0.00
8 Metals and Metal Forming (6)	501.60	-0.8	23.41	6.70	5.06	16.45	505.39	501.56	511.07	522.17
9 Motors (15)	375.26	-0.8	14.03	6.15	7.86	9.81	378.29	376.61	374.75	329.47
10 Other Industrial Materials (24)	1628.95	-0.7	10.87	4.94	10.62	36.58	1641.09	1630.81	1625.88	1659.48
21 CONSUMER GROUP (179)	1318.64	-0.9	9.26	3.83	13.34	20.52	1330.90	1332.71	1321.88	1250.48
22 Brewers and Distillers (22)	1612.90	-1.0	9.44	3.59	12.82	23.38	1629.69	1633.68	1617.34	1368.40
25 Food Manufacturing (20)	1118.21	-0.4	10.22	4.29	12.11	19.91	1122.97	1128.13	1123.00	1105.25
26 Food Retailing (16)	2540.00	-0.2	9.13	3.24	14.03	33.61	2546.22	2546.65	2508.17	2367.25
27 Health and Household (15)	2547.05	-1.0	6.75	2.72	17.62	25.10	2572.88	2577.77	2569.91	2297.53
29 Leisure (31)	1519.67	-0.5	9.63	4.07	12.64	24.42	1527.66	1524.18	1510.95	1669.74
31 Packaging & Paper (13)	609.59	-1.1	10.97	5.64	11.25	12.94	616.27	613.68	613.65	565.30
32 Publishing & Printing (16)	3556.62	-1.0	10.39	5.19	12.02	81.93	3592.36	3565.31	3578.97	3569.55
34 Stores (34)	838.55	-1.9	10.58	4.47	12.09	15.00	854.76	856.98	843.67	829.89
35 Textiles (12)	505.11	-0.3	12.31	7.09	10.25	18.26	506.65	502.65	504.03	542.39
40 OTHER GROUPS (104)	1202.61	-1.0	10.85	4.91	11.10	17.19	1215.18	1213.52	1207.07	1143.65
41 Agencies (17)	1691.56	-1.1	5.88	2.26	20.59	15.27	1709.99	1720.37	1723.27	1421.09
42 Chemicals (23)	1300.96	-1.1	10.03	5.10	10.80	31.39	1315.85	1317.02	1309.63	1317.46
43 Conglomerates (14)	1690.02	-1.2	10.15	5.90	11.80	31.95	1710.16	1708.88	1707.72	1669.61
44 Transport (13)	2326.69	-0.5	10.55	4.43	12.03	47.77	2338.56	2315.52	2305.46	2482.67
46 Telephone Networks (2)	1233.56	-1.1	11.05	4.56	11.76	3.78	1247.18	1245.37	1233.01	1113.80
47 Water (10)	1953.52	-0.7	16.54	6.93	6.75	0.00	1967.32	1961.95	1934.00	0.00
48 Miscellaneous (25)	1822.57	-1.1	11.87	4.83	9.61	37.62	1843.28	1839.46	1831.11	1672.02
49 INDUSTRIAL GROUP (481)	1190.71	-0.9	10.64	4.48	11.46	19.89	1201.81	1200.80	1193.27	1168.21
51 Oil & Gas (19)	2307.47	-1.4	12.22	5.35	10.81	46.50	2339.07	2328.91	2319.00	2155.12
59 500 SHARE INDEX (500)	1284.76	-1.0	10.85	4.60	11.37	22.08	1297.52	1295.81	1288.04	1251.62
61 FINANCIAL GROUP (107)	811.34	-0.5	–	5.63	–	21.09	815.82	814.88	806.23	741.90
62 Banks (9)	850.04	-1.8	19.31	6.32	6.78	25.62	865.72	867.42	852.20	742.58
65 Insurance (Life) (7)	1497.22	+1.1	–	4.90	–	36.94	1481.48	1475.59	1455.07	1068.22
66 Insurance (Composite) (6)	715.29	+0.4	–	5.78	–	19.43	712.64	711.37	704.99	584.54
67 Insurance (Brokers) (7)	1020.11	-0.2	8.50	6.40	15.49	31.64	1022.07	1025.34	1034.39	980.35
68 Merchant Banks (7)	438.76	-0.6	–	4.62	–	10.76	441.46	442.62	448.55	335.17
69 Property (47)	1094.12	.....	8.24	4.30	15.56	19.54	1094.61	1086.89	1079.21	1314.99
70 Other Financial (24)	298.37	-0.1	12.49	6.50	10.46	7.47	298.73	298.48	299.04	356.47
71 Investment Trusts (67)	1220.16	-0.1	–	3.19	–	15.35	1221.60	1216.07	1221.31	1167.04
81 Overseas Traders (5)	1431.38	-0.9	9.70	6.38	12.35	44.49	1444.56	1431.97	1431.80	1334.14
99 ALL-SHARE INDEX (679)	1170.55	-0.9	–	4.71	–	21.57	1181.10	1179.39	1171.96	1126.69

	Index No	Day's Change	Day's High (a)	Day's Low (b)	Jun 26	Jun 25	Jun 22	Jun 21	Jun 20	Year ago
FT-SE 100 SHARE INDEX‡	2373.5	-26.3	2394.1	2369.1	2399.8	2398.5	2378.5	2370.3	2371.2	2209.4

FIXED INTEREST

PRICE INDICES	Wed Jun 27	Day's change %	Tue Jun 26	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	115.49	-0.10	115.87	0.26	6.53
2 5-15 years	122.47	-0.57	123.18	–	6.91
3 Over 15 years	126.32	-0.73	127.25	–	6.15
4 Irredeemables	145.14	-0.16	145.38	–	7.35
5 All stocks	122.26	-0.43	122.88	0.09	6.79
Index-Linked					
6 Up to 5 years	146.61	+0.02	146.58	–	1.49
7 Over 5 years	138.38	-0.33	138.84	–	2.03
8 All stocks	138.89	-0.30	139.31	–	1.99
9 Debentures & Loans	98.81	-0.09	98.89	–	6.11
10 Preference	73.74	-0.06	73.79	–	3.45

AVERAGE GROSS REDEMPTION YIELDS		Wed Jun 27	Tue Jun 26	Year ago (approx.)
British Government				
1 Low Coupons	5 years	10.57	10.55	9.95
2	15 years	10.57	10.54	9.41
3	25 years	10.57	10.54	9.26
4 Medium Coupons	5 years	11.98	11.87	10.81
5	15 years	11.10	10.99	9.88
6	25 years	10.73	10.66	9.46
7 High Coupons	5 years	12.07	11.97	10.95
8	15 years	11.35	11.24	10.10
9	25 years	10.96	10.87	9.66
10 Irredeemables	†	10.54	10.52	9.30
Index-Linked				
11 Inflation rate 5%	Up to 5yrs	5.27	5.26	3.75
12 Inflation rate 5%	Over 5 yrs	4.19	4.16	3.72
13 Inflation rate 10%	Up to 5 yrs	4.16	4.16	2.96
14 Inflation rate 10%	Over 5 yrs	4.01	3.98	3.55
15 Debs & Loans	5 years	13.77	13.34	12.00
16	15 years	12.87	12.86	11.68
17	25 years	12.86	12.86	11.35
18 Preference	†	12.52	12.51	10.32

‡Opening index 2392.4; 9 am 2386.0; 10 am 2389.8; 11 am 2380.4; Noon 2379.8; 1 pm 2380.2; 2 pm 2379.2; 3 pm 2377.8; 4 pm 2369.2; 4.10 pm 2369.9; (a) 9.40am (b) 3.57pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	27	62	10
Corporations, Dominion and Foreign Bonds	1	5	17
Industrials	301	301	974
Financial and Properties	143	125	473
Oils	20	23	45
Plantations	1	1	8
Mines	38	37	100
Others	91	35	106
Totals	622	582	1,733

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	130	110	ABI Leisure 10p	130	+1	R4.7	3.3	4.8	8.5
50	F.P.	–	49	47	EFM Java Trust	48		–	–	–	–
–	F.P.	–	26	18	Do. Warrants	26		–	–	–	–
–	F.P.	–	46	28	First Philippine Inv. Tst.	32		–	–	–	–
–	F.P.	–	22	10	Do. Warrants	11	-1	–	–	–	–
–	F.P.	–	14	7	Fisher (Albert) Wrrts.	8		–	–	–	–
100	F.P.	–	100	95	French Property Tst	99		–	–	–	–
–	F.P.	–	39	32	Do. Warrants	38		–	–	–	–
§81	F.P.	–	88	83	Intrum Justitia 10p	83		u1.75	2.5	2.8	13.7
100	F.P.	–	98	95	Jupiter Euro Inv. Tst	98		–	–	–	–
–	F.P.	–	38	35	Do. Warrants	38		–	–	–	–
§108	F.P.	–	116	115	♦Levercrest 5p	115		R4.05	2.4	4.7	9.3
–	F.P.	–	44	35	Lucas Inds. Warrnts	39	+1	–	–	–	–
§77	F.P.	–	85	77	M & W 10p	85		R2.2	2.9	3.5	9.5
–	F.P.	–	31	21	Paribas French B Wrrnts	25		–	–	–	–
§84	F.P.	–	96	84	♦Proteus Intl.	96		–	–	–	–
§100	F.P.	–	102	95	Siam Select. Growth Tst.	102		–	–	–	–
–	F.P.	–	33	30	Do. Warrants	38		–	–	–	–
‡	F.P.	–	215	200	[illegible]	209	-1	u8.35	2.0	5.3	10.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	-	101	90	♦Bluebird Toys 12pc Cv. Uns. Ln. 2005	92	
‡	F.P.	-	87p	83p	European Leisure 8.75p (Net) Cv Rd Pf	87p	+2
100p	F.P.	-	113p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	113p	
100p	25p	-	46½p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	44½p	
100p	F.P.	-	105p	96p	Wyndham Group 9.375pc Cnv.Pf	96p	-2
-	F.P.	-	55p	35p	York Trust 8.5p (Net) Rd.Cv.Pf 20p	45p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
45	Nil	–	8pm	2pm	Amber Day	2½pm	-1
10	Nil	–	¾pm	¼pm	*Caldwell Invs. 10p	¼pm	
335	Nil	–	73pm	48pm	Cater Allen Hldgs. £1	49pm	
105	Nil	–	70pm	26pm	NEW Fact 5p	68pm	
–	Nil	–	1pm	¼pm	XCL Sunrise	½pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast, annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". ▾ Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. * Third Market. B Units comprising 11 new ord. & 2 warrants. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

● First Dealings June 18
● Last Dealings June 29
● Last Declarations Sept. 20
● For settlement Oct. 1

For rate indications see end of London Share Service

Calls in Aviva Pet., Gaelic Res., Regal Hotel and Tusker Res. Put and call in Cannon Street Invs.

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*500)	460	44	65	78	2	9	14
	500	14	37	52	13	23	29
	550	3	17	28	54	54	59
[illegible]							
Land Secur (*507)	460	52	70	82	1½	5½	7
	500	15	40	54	7	16	19
	550	2	17	30	[illegible]	46	50
M & S (*235)	200	38	46	50	1	2½	4
	220	19	29	35	4½	5	8
	240	5½	15	23	10	13	16
STC (*251)	240	18	28	38	4	12	14
	260	6	17	27	14	21	23
	280	1½	9	18	31	34	36
Sainsbury (*291)	260	35	44	53	1½	4	5
	280	16	28	37	4	7	10
	300	6	17	27	14	17	17
Shell Trans. (*453)	420	40	53	67	2	8	10
	460	9	25	42	12	25	27
	500	2	10	23	50	50	50
Storehouse (*125)	110	17	24	27	2	3	5
	120	8	16	21	4½	7	9
	130	3	9	15	9	12	13
Trafalgar (*321)	300	30	45	52	2½	8	16
	330	8	25	34	14	23	28
	360	2	14	–	40	40	–
[illegible]							
R.T.Z. (*570)	550	40	60	80	9	17	20
	600	12	32	52	37	42	45
Scot. & New (*344)	330	21	33	42	11	15	21
	360	6	18	29	30	31	35
Tesco (*224)	220	12½	19¼	27	5	7½	9
	240	3½	9¼	16½	18¼	19½	20¼
Thames Water (*157)	140	18	19	24	4	7	10
	160	5	8	13	16	18	20
Water Hldg Pkg (*£432)	420	–	–	64	–	–	23¼
	460	11	30	43½	34¼	39¼	44¼

Option		Calls Jul	Calls Sep	Calls Nov	Puts Jul	Puts Sep	Puts Nov
Ferranti (*40)	40	2	4½	6	2	4½	5½
	45	1	–	–	6½	–	–
Lucas Inds (*167)	160	11	15	19	2½	5	7½
	180	1½	5½	9	15	15	17

Option		Calls Aug	Calls Oct	Calls Dec	Puts Aug	Puts Oct	Puts Dec
Reuters (*1241)	1200	81½	122	–	25	41	–
	1250	51	92¼	127	46½	62¼	72½

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (*208)	200	17	24	28	7	9	11
	220	8	12	18	18	19	21
[illegible]							

[illegible]								
Jun	1	1½	3½	20	71	121	171	271
Jul	15	18	34	51	79	113	154	–
Aug	23	–	45	–	88	–	154	–
Sep	27	–	49	–	88	–	147	222
Dec	44	–	64	–	100	–	148	208
Mar	60	–	75	–	108	–	147	197

FT-SE INDEX (*2358)	2200	2250	2300	2350	2400	2450	2500	2550
CALLS								
Jun	158	108	58	16	1	½	½	½
Jul	196	151	112	77	47	28	16	10
Aug	215	175	137	103	73	53	36	24
Sep	240	200	162	128	98	75	55	40
Dec †	295	–	223	–	158	–	105	–
PUTS								
Jun	½	1	1½	9	45	95	145	195
Jul	10	16	25	42	68	105	145	195
Aug	20	30	43	57	83	118	158	202
Sep	24	34	47	63	86	121	157	200
Dec †	40	–	65	–	103	–	165	–

June 28 Total Contracts 28,091
Calls 14,338 Puts 13,753
FT-SE Index Calls 2006 Puts 6671
Euro FT-SE Calls 320 Puts 533
*Underlying security price. † Long dated expiry mths

UK COMPANY NEWS

Sharp fall in share of home market

Growing competition leaves BPB 38% lower

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of BPB Industries, Europe's biggest plaster board manufacturer which is involved in a price war in the UK, France and West Germany, tumbled from £202.3m to £126.4m during the 12 months to end-March.

The 38 per cent fall occurred in spite of a rise in sales from £960.8m to £1.03bn.

The British group, which is facing its first real competition in its home market for 20 years, said plasterboard sales in the UK fell by about a tenth last year due mainly to a sharp drop in housebuilding.

Knauf, West Germany's biggest plasterboard manufacturer, and a joint venture between Redland, the UK building materials group, and CSR, the Australian building materials and resources group, have opened plasterboard plants in Britain in the past 18 months.

Mr Alan Turner, BPB's chairman and chief executive, said the three companies would have capacity to manufacture 280m sq m of plasterboard by the end of this year. That compares with industry sales expected by BPB to be about 170m sq m this year.

"The capacity for plasterboard production in the UK will soon be sufficient for nearly twice the predicted level of demand for the next two years," said Mr Turner.

BPB, which has cut its workforce by about 550, or 15 per cent, during the past two years, said prices for some UK plasterboards had fallen by 20 per cent since January last year. Redundancy costs for 1989-90 totalled £9m (£3.4m).

Competition between BPB and Knauf, a family-owned company, was sparked after BPB bought Rigips West German plasterboard interests in 1987. The British group is also facing price competition in France, where it is the largest producer, from Knauf and Lafarge Coppee, the French building materials group. BPB is also the second largest plasterboard producer in West Germany where it competes strongly with Knauf.

Prices of some plasterboards fell by between 10 and 20 per cent in France last year. Prices in West Germany have fallen by up to 30 per cent since 1987. This had been offset to some extent by increased sales of about 6 per cent in France last year and by about a tenth in West Germany.

Plasterboard sales in West Germany are expected to benefit from an upsurge in demand for rented accommodation to house immigrants from East Germany.

BPB said yesterday that its share of the UK market had fallen from more than 90 per cent to 70 per cent. Its bigger product range in the UK, however, meant it had been less affected by price cuts than its rivals which needed to import raw materials.

It had spent heavily during the last few years improving production efficiency in the UK and expanding into growth markets on the Continent. The company has just agreed to pay £97.1m to acquire 65 per cent of Inveryeso, Spain's largest plaster company.

BPB said it had moved from a net cash position to having borrowings equivalent to 17 per cent of shareholders' funds. It proposes to pay a final dividend of 7.25p, making a 11.25p (10.75p) total for the year. Earnings amounted to 23.1p (32.2p).

See Lex

Alan Harper

Alan Turner – capacity for plasterboard production in the UK will soon outstrip demand levels

Statement imminent as Parkfield shares dive

By John Thornhill

PARKFIELD, the manufacturing and entertainment company, is today expected to make a statement to the Stock Exchange following another sharp fall in its share price.

The company's shares yesterday dropped 48p to 77p amid a "bout of hysterical trading," according to one marketmaker. Last week, Parkfield's shares slid from 346½p to 189p after the company warned that its pre-tax profits were not likely to exceed last year's £23m.

In the light of yesterday's volatile trading, Parkfield came under pressure from the exchange to clarify its position. But the company made no comment on its share price movement other than to say that it would issue a statement soon to "dampen speculation."

The trigger for the selling appeared to be the news that an institutional investor had placed its holding of more than 2m shares at a sizable discount to the market price.

After yesterday's fall, Parkfield's market value stood at £39.1m. In January, with its shares touching 518p, Parkfield was capitalised at £263m.

Expansion in US for GKN with joint venture

By Charles Leadbeater, Industrial Editor

GKN, the automotive and industrial services group which recently issued a profit warning because of a downturn in its main automotive markets, is planning a significant expansion of its industrial services activities in the United States.

It is to launch a pallet management joint-venture with Brambles Industries, the Australian engineering company, which it has co-operated with since 1974 in pallet pooling.

GKN first became involved in pallet pooling through a joint venture with Brambles to set up GKN Chep in the UK. The service, which was extended to the main continental European markets in 1978, manages the movement of millions of wooden pallets used by large retailers and manufacturers to ferry around their goods.

The idea of pallet pool management was developed by the Commonwealth Handling Equipment Pool in Australia after the Second World War to take over the materials handling equipment, including pallets left behind by US armed forces.

The Chep business, which was privatised in 1958 when Brambles took it over, acts as a sub-contractor to companies tracking and replacing pallets.

The decision to create Chep US, which will be equally owned by the two parents, is one of the most ambitious developments yet of GKN's industrial services division.

The services division, which includes scaffolding supply, waste management and vending products, complements GKN's main business, making constant velocity joints for front wheel drive vehicles.

GKN and Brambles are planning to invest about $140m (£81m) in the venture which will be launched in September, with 4 main depots in Los Angeles, Chicago, Atlanta and New Jersey and a further 82 smaller depots.

About half the investment finance will be raised by borrowing through GKN Brambles Enterprises, which will manage the venture, with the parents contributing the remaining $70m in equal measure.

Mr John Jessop, managing director of GKN's industrial services division, said extensive studies of the US market over the past 16 months had led Procter and Gamble, the consumer products group, to contract with Chep US to palletise all its warehousing and manufacturing operations over the next three years.

A clutch of other large US groups, which use Chep service in Europe, have also agreed to be launch customers.

Mr Jessop said the partners planned to have a pool of 1.5m pallets within the first year, rising to 3m in 1992. With growth of 3m pallets a year the company expects to have a pool of about 20m pallets within five years.

AAH rises 9% as sales top £1bn mark

By John Thornhill

AAH Holdings, the healthcare and services group, registered a 9 per cent increase in pre-tax profits in the year to March 31 in spite of difficult market conditions.

Taxable profits grew from £30m to £32.8m, while sales topped the £1bn mark for the first time, up from £926.5m to £1.01bn, also an increase of 9 per cent.

The healthcare services division, which is by far AAH's biggest activity, increased trading profits from £18.4m to £20.6m.

Mr Bill Pybus, chairman, said the wholesaling side of the division had recovered ground after suffering from UniChem's controversial share scheme. Two small wholesaling businesses were bought and new product ranges were introduced.

AAH's activities in the building supplies field increased operating profits from £5.1m to £5.7m reflecting an "extremely creditable performance" in the straitened construction industry.

Environmental services' results were buoyed up by the acquisition of Go Plant and trading profits advanced to £3.2m (£1.5m).

This was offset, however, by the weak performances of AAH's interests in electrical supplies – which saw profits fall to £2.4m (£3m) – and from transport services which recorded £1.4m (£2.1m).

Mr Pybus said the recent surge in inflation and the continuation of high interest rates had constrained demand in some of its markets, but that sales and profits for the first two months of the current year were ahead of budget.

Earnings per share rose 10 per cent to 33.2p (30.1p), while the recommended final dividend of 9p will lift the total for the year to 13.5p (11.95p), an increase of 13 per cent.

Rowland-Jones banned from presiding at EGM

By James Buxton, Scottish Correspondent

MR JAMES Rowland-Jones, chairman of Bremner, was yesterday banned by a judge from presiding at the extraordinary general meeting which is being held today in Glasgow at the request of shareholders seeking his removal.

In what is believed to an unprecedented application of sections 459 and 461 of the 1985 Companies Act, Lord MacLean issued an order at the Court of Session in Edinburgh appointing Mr David Bennett, a solicitor and chairman of the Law Society of Scotland's company law committee, as chairman for the EGM.

Shareholders who claim to have proxies for 48 per cent of the equity of Bremner – whose principal asset is £5.5m from the sale of a Glasgow store – are seeking the removal of the entire board of Bremner and the election of four directors from the Scottish financial community.

Lord MacLean said yesterday: "As a general observation it is hardly to be expected that Mr Rowland-Jones will conduct the meeting with detachment and objectivity. It can hardly be said that those features were apparent in the EGM of 1988."

In January 1988 an attempt to remove Mr Rowland-Jones succeeded at a meeting lasting many hours. The judge said that on that occasion, despite a court order, the company did not release the proxies to scrutineers until the morning of the meeting, behaviour which he considered "intentionally dilatory."

Lord MacLean said it was "not surprising" that the shareholders had suggested that today's meeting was timed for 3pm because Mr Rowland-Jones wished to exhaust the patience and staying power of those attending.

Yesterday Mr David Low, the Edinburgh stockbroker who is being proposed as a director, said he believed the group of opposing shareholders had an absolute majority of the votes. They had proxies for 48 per cent of the equity and he was aware of intended abstentions by institutions sympathetic to his side.

Mr Rowland-Jones indicated that he did not intend to appeal. The meeting, he said, would be "an interesting occasion with a chairman who would not be in a position to answer questions about Bremner."

The stage may be set for the culmination of a saga dating back to 1986 when Mr Rowland-Jones, a powerfully-built figure who has featured in many boardroom battles, became chairman of Bremner. In spite of its small size Bremner has always had interest for other parties as a shell company, especially since it sold the premises of its department store last year.

Mr Rowland-Jones' involvement with Bremner has been marked by feuding between his faction and one led by Mr Denis McGuinness, a Glasgow stockbroker whose company, Carswell, was taken over by Bremner in 1987.

Although Mr McGuinness replaced Mr Rowland-Jones as chairman in January 1988 a series of EGMs, punctuated with court actions and vividly written circulars to shareholders from Mr Rowland-Jones, culminated in Mr McGuinness's ousting from the board in June last year. Mr Rowland-Jones took his place.

Bremner's listing was suspended on June 1, partly because of Stock Exchange concern at the release of circulars without its approval. The listing was restored last week, but the exchange reserved the right to suspend the shares immediately after the EGM.

UK COMPANY NEWS

Provisions against bad debts increase from £26m to £83m

Reorganised TSB rises to £175m

By David Lascelles, Banking Editor

TSB GROUP showed the first benefits of its big internal shake-up yesterday with a 6.7 per cent increase in interim profits. But the result was dulled by the need for increased provisions against bad debts.

Sir Nicholas Goodison, chairman, said he was pleased to report that the TSB's reorganisation was proceeding on schedule. But he warned that the current credit squeeze would be "more severe than the early 1980s", and that it was "the job of banks to ride this out".

The banking and financial services group reported pre-tax profits for the six months ending April 30 of £175m, up from £164m last year. The post-tax result was £103m (7.2p per share), down from £105m, (7.4p).

The bulk of the profit came from banking which contributed £133m, up from £128m. Mr Don McCrickard, TSB chief executive, said that retail banking had performed satisfactorily, raising profits by 7 per cent to £117m. Costs were held below last year's level, and staff levels were down by 2,000. The branch network is being restructured, and mortgage processing centralised in Glasgow. Deposits and lending increased.

But corporate banking, operating under the Hill Samuel name, saw profits fall from £33m to £24m because of a sharp rise in provisions. Mr McCrickard said there was "no single major disaster". The largest provision was £8m, and the second £6m, believed to be against British & Commonwealth Holdings. Exposure to leveraged buy-outs was small.

TSB made £71m of specific provisions, up from £19m in the same period last year, and £12m (£7m) of general provisions. The total provision was equivalent to 0.55 per cent of the group's loans. Sir Nicholas said the bad debt situation had deteriorated noticeably in the last couple of months, and was particularly concentrated in the retail, property and construction sectors.


Sir Nicholas: the job of banks to ride out the credit squeeze

Insurance and investment services had "an outstanding year", Mr McCrickard said, raising profits from £29m to £54m, led by sales of life and pension policies.

However the TSB has already announced its intention to sell Target Group, its unit-linked life company, because it overlaps with other parts of the business. TSB bought Target for £227m, but carries it on its books after goodwill write-offs at £55m. Sir Nicholas said there had been expressions of interest from potential buyers but it was too soon to say when a deal would be struck.

TSB's commercial interests earned £4m, down from £10m, mainly because of the softer car rental market for Swan National. Noble Lowndes and Wescol both earned higher profits.

Overall, the TSB's ratio of costs to income fell from 72 to 70.2 per cent.

Sir Nicholas said the group was financially strong, and now that the business was more clearly focused on the core activities of banking and insurance, it could concentrate on improving services and increasing earnings.

See Lex

BCPF circular attacks Globe's investment record

By Nikki Tait

THE STEADY stream of documents in the £1.11bn bid battle between British Coal pension funds and its target, Globe Investment Trust, kept flowing yesterday with a circular attacking Globe's investment record.

The circular also repeated claims that "if our offer were to lapse, Globe shareholders could expect their share price to fall substantially."

Globe, for its part, pointed out that 321 shareholders, speaking for more than 1m shares, had returned forms withdrawing earlier acceptances of the offer.

That, retorted BCPF, was a very small percentage of the equity – about 0.2 per cent – and it suspected that some of these might represent shares which had been sold to its brokers instead.

Meanwhile, Sir John Harvey-Jones, president of the Wider Share Ownership Council, intervened yesterday on behalf of Globe. Speaking on Channel 4 television, Sir John said he was against further concentration of equity ownership in institutional hands, a trend which he felt the Globe bid exemplified.

In the market, trading volume in Globe shares was low and the price ended unchanged at 201p.

Regina Health slides into red with £477,000 loss

By Nikki Tait

REGINA HEALTH and Beauty, the USM-quoted distributor of Royal Jelly, has incurred a £477,000 loss before tax in the six months to end-December.

But the company – which conceded yesterday that it had faced "considerable pressure" from its bankers – added it had secured "a conditional commitment to underwrite the provision of additional equity finance to secure the finances of the company."

It said that details of the refinancing, likely to involve some form of rights issue, should hopefully become available in the next few weeks. It declined to elaborate on what the conditions might be, or on the scale of the refinancing.

Regina shares had slipped a further ¾p to 5¼p ahead of the announcement, which came after the market had closed.

The interim figures showed a loss before exceptional items of £477,000 on sales of £2.92m. This compares with a profit of £101,000 and turnover of £2.41m in the same period a year earlier.

Further damage was then inflicted by a £2.48m exceptional item. The company said that all new product development had now been written off, and that there had also been write-downs of fixed assets, leasehold improvements and surplus stocks.

NEWS DIGEST

MS Intl down 19% to £3.7m

MR MICHAEL Bell, chairman and chief executive of MS International, the defence and engineering group, yesterday reported a 19 per cent reduction in profits to £3.7m pre-tax for the year to April 28.

He said the defence and electrical equipment division performed in line with expectations, achieving a strong second half recovery following a difficult first half.

The mechanical engineering companies produced somewhat mixed results, reflecting the underlying tightening in demand and the general downward trend in the UK economy.

Turnover expanded from £33.24m to £36.96m. There was an interest charge this time of £170,000 compared with a previous receipt of £192,000.

The interest charge reflected the change to borrowings of £1.3m at the year-end against cash balances last year of £3.2m. A major factor was the cost of acquisitions amounting to £2.2m. Directors said borrowings at the year-end remained at less than 10 per cent of shareholders' funds.

Earnings per share emerged at 8.4p (10.7p). A final dividend of 3.16p makes a 4.16p (3.96p) total.

The group was actively looking to expand its business activities, particularly in the "more buoyant" European markets.

Second-half fall for Wilshaw

A second-half fall from £1.06m to £0.76m left Wilshaw, an industrial holding company, with pre-tax profits down 4 per cent at £1.67m for the year ended March 31 1990, against £1.75m previously.

The setback partly reflected difficulties encountered by Farnborough Airmotive, which was acquired just over a year ago. The directors have decided to close this operation and full provision for closure costs have been reflected in the results with an extraordinary charge of £327,000.

Turnover expanded 28 per cent to £20.95m. Earnings per 5p share were down from 1.56p to 1.39p, after tax of £600,000 (£598,000).

The recommended final dividend is 0.25p for a total of 0.35p (0.2p) for the year.

Markheath static on higher turnover

In spite of a £10m advance in turnover to £49.77m, profits of Markheath Securities, the property and investment company, remained virtually static at £11.81m pre-tax for the year to end-March.

Income from development properties fell to £776,000 (£1.28m) and the surplus on the disposal of investments declined to £1.42m (£2.38m). However, dividends receivable rose to £1.38m (£836,000) and there was a £1.99m (nil) share of profits from the associated company.

Administration expenses accounted for £2.12m (£1.48m) and interest payable for £4.73m (£4.06m). Earnings emerged at 12.74p (12.46p) and a proposed final dividend of 4p makes a 6p (5p) total.

Following the acquisition of Camford Engineering in January, net tangible assets at the year-end doubled to £105.15m.

Neepsend records substantial advance

Neepsend, the engineering,tool production and metal processing group, achieved a substantial advance in profits in the year to March 31.

Taxable profits of £1.32m, compared with £501,000 for 1988, which saw a downturn.

Turnover in the latest 12 months fell by 30 per cent from £20.35m to £14.22m, but reduced cost of sales of £8.96m (£15.95m) pushed up gross profits to £5.26m (£4.4m).

Mr Hugh Sykes, chairman, attributed the result to steady progress at the engineering companies, a significant improvement at Ferro Alloys & Metals and £410,000 seven and a half months' contribution from the two plastics acquisitions. In addition interest payments were cut to £227,000 (£444,000).

The increased final dividend of 1p makes a total of 1.5p (1.2p) on earnings per share of 6.01p (3.79p).

Recovery takes Feedback to £0.45m

Feedback yesterday reported taxable profits of £445,911 for the year to March 31. The 69 per cent advance from £263,459 continues the recovery at the USM-quoted manufacturer of electronic, electrical and microprocessor equipment.

Turnover was little changed at £9.26m (£9.11m) and the interest charge was reduced to £125,369 (£142,516).

Directors said that the present order rate was encouraging, but there was concern over short-term prospects at Feedback Data, which designs and makes computer peripheral equipment for industry.

The final dividend of 1p makes 1.75p for the year. There was no payment last year.

In Shops cautious in spite of 44% rise

In Shops, the retail and office space management company, saw taxable profits rise by 44 per cent from £2.26m to £3.25m in the year to March 31.

Mr Tim Brookes, chairman, said that the company was facing the present year optimistically but cautiously.

The figures include a first full year's contribution from Warwick Executive Services which at £276,000 was above expectations. At the year end the company had net cash balances following its £10m placing and open offer.

Since the end of the period two more retail centres had been opened and Harbour Business Centres had been acquired.

Turnover was £18.1m (£12.54m) and earnings per share came out at 8.3p (6.3p). The dividend is raised to 2.04p (1.7p) with a recommended final of 1.44p.

Final quarter limits Tex to 14% increase

What had started for Tex Holdings as a good year with high expectations, was marred by a sharp downturn in the final quarter, leaving pre-tax profits ahead by only 14 per cent at £1.73m, against £1.52m last time.

Turnover climbed 43 per cent to £21.92m (£15.37m) and, with the number of shares increased mainly by the acquisition of BSP International Foundations and Woolaway Bungalows, earnings slipped to 19.6p (20.6p). Directors recommended maintaining the final dividend at 7.5p for an increased total of 10.5p (10p).

Tex has four divisions – plastic mouldings, where profits rose 32 per cent; engineering, buoyed by BSP, was up 30 per cent; boards and panels, which produced "good results . . . when the national economy was not favourable" to its markets; and building and building products formed by the acquisition of Woolaway.

Tex Abrasives (UK) was sold in September for £1.41m to Industria de Abrasivos of Portugal.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
AAH ....fin	9†	-	7.95	13.5	11.95
BPB Industries ....fin	7.25	Aug 17	7	11.25	10.75
Caledonia Invs ....fin	8	Aug 14	6.5	12	10
Carclo Engineer* ....fin	5.55	Sept 7	4.55	7.1	5.9
Feedback § ....fin	1	-	nil	1.75	nil
Greycoat ....fin	2.9	Oct 1	2.5	5.2	4.5
Hardys & Hansons ....int	11.2	Aug 16	9.4	-	28.1
In Shops ....fin	1.44†	Oct 1	1.2	2.04	1.7
I&S Optimum Tst ....fin	1.65	Aug 9	-	3.25	-
Kewill Systems § ....fin	4.5	-	3	4.5	3
Lee (Arthur) ....int	1.65†	-	1.55	-	5.6†
Markheath ....fin	4†	Oct 1	3.5	6	5
MS International ....fin	3.16†	Sept 7	3.06	4.16	3.96
Neepsend ....fin	1	Sept 22	0.8	1.5	1.2
Sterling Publ § ....fin	4.5†	Oct 1	4.5	6	4.5
Sutcliffe Speak ....fin	2	-	2	2	2
Swan (John) ....fin	13.2	-	12	13.2	12
Tex ....fin	7.5†	Sept 12	7.5	10.5	10
TSB ....int	3.15	Oct 1	2.85	-	6.6
Waterglade Intl ....fin	2.75	-	2.75	4.7	4.5
Welsh Water ....fin	11.17	Oct 1	-	11.17	-
Wilding Office ....int	1.8	Aug 10	1.6	-	4.2
Wilshaw ....fin	0.25†	Sept 12	0.2	0.35	0.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

UK COMPANY NEWS

Welsh Water braced for debate on charging methods

By Andrew Hill

WELSH WATER, which beat its flotation profits forecast by £4m in 1989-90, is bracing itself for a vigorous debate with the industry's economic watchdog about charging methods

Welsh, one of the 10 water companies privatised last December, made £39.5m before tax in the year to March 31, compared with profits of £24.9m in 1988-89 and the prospectus forecast of £35.5m. A final dividend of 11.17p, in line with the prospectus figure, is recommended.

It is the only one of the 10 companies to have come down firmly against metering the water supply, and is phasing in a standard charge for domestic premises, a method which Mr Ian Byatt, director general of water services, considers unsatisfactory.

Mr Byatt said last week he was keen to encourage a public debate about alternatives to the present system, based on properties' rateable value, which has to be replaced by the end of the century.

Mr John Elfed Jones, Welsh's affable chairman, said yesterday the former authority had strong consumer support for a flat charge, and that he could not justify spending £150m on universal metering in Wales.


John Elfed Jones: objective look at discussion document

"I'm very much aware that Ian Byatt doesn't wholly agree with our arguments: but we'll look objectively at any discussion document he produces," added Mr Jones.

Welsh's turnover during 1989-90 rose from £220m to £255m. If the industry's new capital structure had been in place at the beginning of the financial year, Welsh would have reported profits of £97m before tax and pro forma earnings per share of 61.7p, compared with forecasts of £93m and 58.9p respectively.

A charge of £5.3m was taken below the line covering privatisation and restructuring costs.

● COMMENT

Welsh's patriotic chairman is keen to stress the buoyancy of his native land's economy. John Elfed Jones points out that his company already has a well-developed infrastructure in place, installed to supply the dwindling heavy industries of Wales, and now waiting to serve the country's newest commercial and industrial investors. Welsh managed to bring £2m of its large capital investment programme forward last year, on top of £105m forecast in the prospectus. This year capital expenditure should reach £170m, rising to £200m annually after that. Profits are likely to be fairly static this year, although further cost savings are possible, but Welsh's partly-paid shares, which rose 3p to 170p yesterday, still look reasonably attractive on a prospective dividend yield of more than 8 per cent.

J Rothschild halves directors' payments

By Nikki Tait

LORD ROTHSCHILD and fellow directors of J Rothschild Holdings, the quoted investment company, saw their aggregate remuneration halved last year.

According to the annual report published yesterday, directors' emoluments totalled only £1.29m, compared with £2.53m in 1988-89. The remuneration of Lord Rothschild, chairman, dropped from £579,000 to £245,000, while the highest paid director received £339,000, down from £802,000.

The previous year had seen a sharp increase in directors' remuneration, which prompted questions from shareholders at a subsequent EGM. At the time, Lord Weir, chairman of the remuneration committee, suggested that about one fifth of the sums received had constituted basic salary, with the remainder bonus payments.

A new scheme, however, was announced whereby the combined salaries of the executive directors would be reduced to a basic figure equivalent to approximately 25 per cent of their total 1988-89 remuneration. They could also receive additional bonuses.

In 1989-90, JRH saw fully-diluted net assets per share slide from 186.5p to 170.8p. In the previous 12 months, there had been an effective increase, after adjusting for the demerger of RIT Capital Partners, of about 38.6 per cent.

Earlier this month, JRH revealed further demerger plans – spinning off half its assets into a unit trust, and retaining a smaller dealing and investment business, to be called St James Place Capital. Details were sent to shareholders yesterday.

Amongst the assets passing to St James Place are the 38.6 per cent holding in RIT, 12.4 per cent of Anglo (currently suspended), a 13.7 per cent interest in Cavenham Forest Products (subject to a put and a call option arrangement with RIT), and a 5.5 per cent interest in Sunningdale, which itself owns 29.9 per cent of Ranks Hovis McDougall. The documents reveal that Sunningdale's RHM holding is 50 per cent financed by borrowings.

The documents estimate the cost of the reconstruction at £2.1m. They also state that the five executive directors of St James's Place Capital will receive basic salaries of £100,000, plus a share in a performance-related bonus pool.

Gold Greenlees styles itself for further success

A cautious approach has helped the agency buck the trend, Alice Rawsthorn reports

THE news from the motley assortment of advertising agencies and design companies that make up the marketing services sector has been so gloomy recently that last week's results from Gold Greenlees Trott were a welcome relief.

At a time when so many other marketing services companies have announced plummeting profits or cashflow crises, GGT, reported a healthy 49 per cent rise in pre-tax profits to £7.7m in the year to April 30.

The profits advance has done little to revive its shares, which have fallen sharply since the marketing services sector slumped last summer. The shares were worth just 178p yesterday, little more than half their value of a year ago and almost the same as the flotation price in 1986.

Stock market sentiment is running so strongly against the sector that GGT will probably have to live with a low share price for at least another year. Together with the other more cautious members of the sector – like the Lowe Group and Abbott Mead Vickers – GGT is paying the price for the excesses of the acquisitive companies such as Saatchi & Saatchi, VPI and FKB.

GGT has exhibited a cautious approach to expansion ever since its earliest days on the stock market. The base of its business is still Gold Greenlees Trott, its main London advertising agency, which is best known for bright, brash TV commercials like its movie clip spoofs for Holsten Pils lager.

The agency is dominated by


Mike Greenlees: has identified a number of partners to form basis of push into Europe

Mr Dave Trott, its charismatic creative director, who conforms to the advertising industry stereotype of the East End lad who grew up into a buddhist millionaire.

Gold Greenlees Trott styles itself as an imaginative alternative to the multinational agencies for large advertisers. Its clients include blue chip companies like Cadbury, Pilkington and the Post Office. It has always been determined that any acquisitions should be compatible with the style of its original London agency.

Its expansion started with the acquisitions of Option One, a sales promotion and direct marketing company, and of BDH, a Manchester advertising agency. It then looked further afield to the US.

By the time GGT started searching for suitable US acquisitions, there were very few good agencies left to buy. Mr Mike Greenlees, joint chairman and chief executive, said that the advertising industries in the traditional centres of New York and Chicago looked "like Harrods after the sale with lots of 50-inch jackets and 22-inch trousers, but no decent suits."

GGT turned its attention instead to the regional centres, which were attracting a growing number of large advertisers drifting away from the north east. In 1988 it bought Babbit & Reiman in Atlanta, and went on to acquire Martin-Williams in Minneapolis and GSD&M in Texas.

GGT has since opened a new agency for Babbit in New York. In the longer term, it might open an office on the West Coast. In the meantime it is concentrating on drawing the four US agencies – all of which operate autonomously – into a loose network. They have already adopted their parent's financial systems and a common approach to media buying. Mr Greenlees said "very, very gradually" they would be encouraged to work together as a network and, eventually, to pitch for national accounts.

So far the US push has been successful. Some analysts were concerned when GGT geared itself up – with $38m (£22m) of long term debt – to buy GSD&M and to refinance the other acquisitions. But a strong performance from the US agencies and from the UK marketing companies compensated for static profits from its UK agencies last year. The London agency managed to maintain profits. But BDH in Manchester suffered from the problems of Coloroll, once its biggest client, which recently went into receivership.

Costs have been cut by shedding staff at both agencies. In addition, GGT has closed or sold four small businesses in Manchester.

The UK advertising market is still sluggish, but Mr Greenlees said there had been an upturn in new business recently. The London agency is now pitching for accounts worth £35m.

Ms Sue Bailey, an advertising analyst at Warburg Securities, expects group profits to reach £8.5m this year. The share price is so low that this puts the prospective p/e at 8.5, roughly half the stock market average.

GGT is preparing for a new push into Europe. It has identified a number of partners. If all goes well it will eventually buy minority holdings and turn them into another loose network.

These loose networks will never really be able to compete against the established, multinational agencies, such as Saatchi or Young & Rubicam of the US. Mr Greenlees insists that GGT does not intend to try. Just as there is a role for the GGT style of advertising in the UK, he says, so there will be a role in the international marketplace.

Further fall for BICC shares

Shares in BICC, the UK cables and construction group, slipped a further 18p to 424p yesterday following Wednesday's announcement of a £177m rights issue of convertible capital bonds, plus plans to take an increased interest in Grupo Español General Cable. The terms of the rights issue are 13 convertible capital bonds at 100p each for every 20 BICC shares held. The bonds are convertible at the option of the holder into new BICC shares after July 1, 1992.

UK COMPANY NEWS

Caledonia advances to £35m but net assets slip

By David Owen

CALEDONIA Investments, the investment holding company which astutely sold the bulk of its 31 per cent stake in British & Commonwealth Holdings for 475p per share nearly three years ago, yesterday reported a 38 per cent advance in profits for the year to March 31.

The group warned, however, that "we shall not see a repeat of last year's strong growth in investment income. As funds are switched from bank deposits to investments, it is most unlikely that they will return the high yields which it has been possible to earn on the money markets" it said.

Caledonia has prospered of late by retaining on deposit a significant proportion of its resources. The shares fell 2p to 372p.

All told, pre-tax profits climbed to £35.3m (£25.6m). Earnings per share advanced 32 per cent to 25.9p (19.6p). A final dividend of 8p (6.5p) is recommended, making a total of 12p (10p) – up 20 per cent.

Net assets, by contrast, slipped by more than 7 per cent to £462.4m. This was partly due to the setting aside of a provision to cover the likelihood of a change in the taxation treatment accorded Caledonia's remaining B&C preference shares. Analysts have put the size of provision required at a minimum of £20m.

The changed treatment arises because of the probability that two outstanding redemptions totalling £164m (and related dividend payments) will not be paid by B&C but will be covered by pre-arranged bank guarantees.

Caledonia received the preference shares from B&C in 1987 in part-payment for the sale of its stake in the ill-fated financial services group. "We must be thankful that the unfortunate developments at B&C have had a relatively small effect on our strong net asset position", Caledonia said yesterday.

The group has also made an "appropriate" provision against its investment in Berkley House which it said had "proved to be disappointing."

● COMMENT

Caledonia has received plaudits for extricating itself from the wreckage of B&C in such timely fashion. Nonetheless, the shares continue to trade at a more than 20 per cent discount to net asset value per share of 485p. This may appear tempting for the long-term player. But until the group's longer-term investment strategy becomes apparent, a decision to buy in would constitute a considerable act of faith in existing management.

Carclo earmarks further disposals as profits fall to £8.8m

By Clare Pearson

THE RESHAPING of Carclo Engineering continues with an announcement yesterday that, following the £21.6m disposal of the springs and forgings company announced in March, it plans to sell off more of its Woodhead division.

RSR, a distributor of springs for commercial vehicles, is earmarked for disposal having incurred deepened losses in the last financial year.

Carclo made the statement as it announced pre-tax profits slightly lower at £8.83m (£9.04m) on turnover of £111.6m (£108.78m). This was largely due to a poor performance by the Woodhead springs and forgings company now owned by Hoesch, the West German steel and engineering group.

In spite of the profits decline, the final dividend is lifted to 5.55p making 7.1p (5.9p) for the year. Earnings per share stood at 15p (15.3p).

The Woodhead disposal has left Carclo with net cash amounting to 20 per cent, compared with net borrowings of 45 per cent, of shareholders' funds last year.

Mr John Ewart, chairman, said the company's "priority" this year was to reinvest the cash by making acquisitions of niche engineering businesses.

Last year springs and forgings made operating profits of £922,000 (£2.88m). RSR made a loss of £350,000 (£67,000). But the parts of Woodhead which are being retained did well, making £406,000 (£314,000).

Wire was the star performer, pushing ahead to £2.68m (£1.82m) on sales of £27m (£23.99m). This was because Bruntons, which had been suffering difficulties, sustained a much improved performance.

The card clothing division made £3.91m (£3.66m) on sales of £18.64m (£16.94m) amid difficult conditions in the textile industry. General engineering made £2.16m (£1.93m) on sales of £18.63m (£15.7m).

After the adoption of SSAP 24, there was a pension charge of £159,000 compared with a restated net charge of £129,000.

● COMMENT

Shorn of Woodhead, Carclo will be hit by a rising tax charge, threatening earnings stagnation: a difficult background for a company as committed to big dividend increases as this one is. It therefore must move to make an acquisition, but it had better be a wiser one than was Woodhead, of which there were great hopes when it was purchased in 1986. It is therefore hard to see the shares, which rallied yesterday on these better-than-expected figures, moving much further ahead before this question is resolved. The company is, however, in the enviable position of having moved into a cash positive position at a time of high interest rates, which should help pre-tax profits move ahead to about £9.5m in spite of margin pressure this year. The shares stand on a prospective p/e of just under 8.5.

Sleepy Kids awake to legal battle

By Vanessa Houlder

SLEEPY KIDS, the cartoon company traded on the Third Market, yesterday said it would vigorously defend itself against the legal action being brought by its former licensing agent which it sacked last September.

Marketing/Trademark Consultants has served Sleepy Kids with a High Court writ and it is seeking "considerable damages" for the termination of the sole licensing agency agreement which was signed in August 1988.

"We had an agreement and there were no grounds on which the agreement should have been terminated," said Ms Ellen Flood, a solicitor acting for MTC.

Sleepy Kids yesterday said that MTC was being "mischievous" and the claims were "wholly without merit". "There is no way we will settle unless they cover our expenses," said Mr Martin Powell, joint managing director of Sleepy Kids.

Sleepy Kids has made a series of 13 programmes about a group of children and their dog Potswoof, which are due to be screened in the UK in December.

MTC, a subsidiary of Ingleby Communications of the US, said it had been involved in the licensing business for two years.

NEWS DIGEST

Sutcliffe Speakman rises 62%

IN SPITE of doubled interest charges, Sutcliffe Speakman increased pre-tax profits in the year to the end of March by 62 per cent from £1.86m to £3.01m.

The company said that the finance charge of £2.1m (£985,000) was the result of high interest rates on borrowings used for capital spending and the building of carbon stocks. The Lancashire-based company has interests in environmental engineering and the making of activated carbon.

It added that gearing would be reduced by the disposal of some non-core businesses.

Turnover was £54.91m (£43.76m) and the taxable figure included the share of an associate's profits of £209,000 (£43,000). Earnings per share were 9.5p (7.6p) and the directors are recommending an unchanged single final payment of 2p.

Arthur Lee hit by operating expenses

A £5.4m increase in net operating expenses at Arthur Lee, the Sheffield-based steel and plastics group, resulted in a fall from £3.79m to £2.72m in pre-tax profits for the six months to March 31.

Turnover advanced to £63.43m (£59.27m), but expenses climbed to £60.53m (£55.14m), leaving operating profits down at £3.38m (£4.12m). Of this figure, steel and related products fell to £2.5m (£3.5m), while plastics expanded to £879,000 (£625,000). Net interest payable doubled to £664,000.

Earnings worked through at 5.41p (7.75p). The interim dividend is lifted 0.1p to 1.65p.

96.5% acceptances for Laporte rights

The £144m rights issue by Laporte, the large speciality chemicals group, was almost fully taken up by shareholders.

The company said yesterday that acceptances had been received in respect of 96.5 per cent of the new shares, with the remainder sold in the market at a substantial premium.

The issue was priced at 425p per share, but the FT-SE 100 Share Index has gained over 150 points since the day before the cash call was announced. Laporte's shares were trading at 558p yesterday, down 12p.

Football fans desert Hardys & Hansons

Hardys & Hansons yesterday became the first brewery to blame the World Cup for a downturn in trade.

Mr Richard Hanson, chairman of the Nottingham-based brewing and hotels group, said that trade began to improve towards the end of March this year, but that improvement was halted in June – a result he cautiously attributed to the "less good" weather, the Community Charge and TV coverage of the World Cup.

Mr Hanson's statement accompanied the brewery's results for the half year to end-March which showed taxable profits ahead 18 per cent from £2.49m to £2.94m, an advance achieved on turnover of £11.47m (£10.89m).

Earnings worked through at 38.195p (32.395p) per share. Declared interim dividends are 11.2p (9.4p) per ordinary and 10.325p (8.525p) per deferred ordinary.

Recovery at Crossroads Oil

Crossroads Oil Group, the USM-quoted oil and gas exploration company, moved to an operating profit of £95,165 in the year to end-March.

This compared with a loss of £417,418 before an exceptional charge of £1.7m last time, and follows a period of restructuring and expansion which included the acquisition of two exploration companies.

Turnover more than doubled from £441,646 to £990,496, but cost of sales surged to £143,332 (£41,514). Net interest payable totalled £173,199 (£39,718 receivable). After tax of £7,304 (£1,525 credit) the net loss was cut to £85,338 (£2.08m). The loss per share came to 0.28p (7.11p).

Sterling Publishing ahead 50% to £4.4m

Sterling Publishing Group, the USM-quoted trade and technical publisher which also owns Debrett's Peerage, lifted pre-tax profits by 50 per cent to £4.36m in the year to March 31.

The rise, from £2.91m, was struck on sales ahead 44 per cent to £25.43m (£17.64m). After tax of £1.31m (£986,000) and minorities of £355,000 (nil), earnings grew to 12.5p (10.25p) per share. The proposed final of 4.5p makes a total of 6p (4.5p).

Kleen-e-ze £0.55m in red at midway

Losses at Kleen-e-ze Holdings, the housewares distribution and direct marketing company, slowed in the first half of 1989-90, but the group still ended the period to March 2 with a pre-tax deficit of £548,000.

This loss compared with a £105,000 profit last time and a £2.88m loss for the full year.

Turnover showed a slight increase from £25.24m to £25.38m in the six months but interest charges were significantly higher at £515,000 (£66,000), while an exceptional charge of £70,000 this time consisted of redundancy costs.

There was again no interim dividend – last year's final was also omitted. Losses per share came to 6.38p (1.12p earnings).

Recovery under way at Wilding

Improved financial controls and a reorganisation programme helped Wilding Office Equipment to partially offset pressure on margins and high interest rates.

In the six months to March 31, the group, which sells and services office equipment, achieved pre-tax profits of £729,000 – well down on the £1.51m in the corresponding period but ahead of the £509,000 recorded for the last full year.

Turnover expanded to £30.06m (£25.89m). After tax of £264,000 (£580,000) earnings per 10p share emerged at 2.9p (6p). The interim dividend is maintained at 1.8p.

Interest knocks Waterglade back

Waterglade International Holdings, the property developer, trader and investor, saw taxable profits shrink 12 per cent from £6.8m to £6.01m in the year to March 31.

Trading profits fell 19 per cent to £5.3m (£6.51m), but, with net rents receivable leaping to £2.17m (£496,000), operating profits were 7 per cent ahead at £7.47m (£7.01m). However, interest payable soared to £1.46m (£204,000) to depress the pre-tax figure. The preference dividend took £1.11m (£620,000).

Basic earnings were down at 13.31p (16.81p) and fully diluted at 13.27p (16.21p). A final dividend of 2.75p is recommended, for an increased total of 4.7p (4.5p).

Opec ministers squabble as oil prices languish

By Steven Butler

THE ORGANISATION of Petroleum Exporting Countries looks set for a stormy meeting in Geneva at the end of July as mutual recriminations among Opec ministers reach a high pitch while oil prices languish at 18 month lows.

Mr Sadek Boussena, the Algerian oil minister who serves as Opec president, concluded a whirlwind tour of the major Gulf producers this week with a promise that Opec members would abide by agreements to cut production.

"Following these contracts, we expect all state to abide by the organisation's decisions irrespective of the reasons and justifications," he said in Jeddah on Wednesday.

The oil markets, however, were unconvinced and fell steeply in late trading, mainly in response to disappointment at continued high stocks in the US. Yesterday prices rose moderately following rumours of an Israeli attack on Libya which were later officially denied.

Mr Boussena is trying to stitch together an agreement in advance of the Opec ministerial conference which opens on July 25. He plans to meet next week in Algiers with the oil ministers of Indonesia and Kuwait.

However all indications are that Opec members are far apart in their views.

Mr Saadoun Hammadi, the Iraqi deputy prime minister, has blasted Kuwait and the United Arab Emirates for producing above their Opec quotas and said that Opec oil quotas should not be reviewed until a "fair oil price" was achieved, which he said was $25 a barrel.

Sadek Bousena: Trying to stich together an agreement

This is 40 per cent higher than the Opec reference price of $18 a barrel, and about 80 per cent higher than current prices.

"I don't consider $25 a high price by any standards," said Mr Hammadi, after a meeting in Kuwait with Sheikh Jaber al-Ahmed al-Sabah, the Emir of Kuwait who has the final say on Kuwait's oil policy.

Kuwait's policy of producing above quota is widely seen as an effort to wreck efforts within Opec to raise the reference price above $18 a barrel. Kuwait is concerned that excessively high prices could cut oil demand by spurring efforts for energy conservation. It would also increase the profitability of oil exploration outside of Opec.

Mr Rashid Salem al-Ameebi, Kuwait's newly-appointed oil minister, is understood to have told Mr Boussena that Kuwait was making efforts to reduce oil production to its 1.5m barrel-a-day quota but that this goal was difficult to achieve. After the meeting Mr Al-Ameebi said that Kuwait wanted an increase in its quota and suggested that Mr Boussena agreed.

Mr Hammadi's attacks on Kuwait and the UAE were unusually strident and direct. Iraq, which badly needs oil revenue to rebuild it economy, claims to be losing $1bn a year for every $1 price drop.

"The blade has reached the bone after cutting through the flesh," he said.

Mr Issam al-Chalabi, Iraq's oil minister, also had harsh words for the UAE. "Why is the UAE producing 2m barrels a day for $10 (a barrel) instead of 1.5m for $18 or more?" he asked. "Which of the two alternatives brings a higher revenue? . . . Or do we need a lesson in multiplication?"

The atmosphere in the Middle East appears to be growing increasingly tense. Prince Turki Bin Abdul Aziz Al-Saud, a brother to King Fahd of Saudi Arabia, this week raised the possibility of economic sanctions to punish the US for breaking off dialogue with the Palestine Liberation Organisation.

● OFS, the Norwegian Oil Workers' Collective union, is threatening to strike over wages from next Monday which would force oil and gas production to be halted, writes Karen Fossli in Oslo.

Norway, western Europe's second petroleum producer, currently produces about 1.7m barrels of oil a day and exports about 2 bn cu m of gas a month. Daily lost revenue in the event of a strike is estimated at NKr170m (£15m).

Colombia wants coffee pact, but not at any price

Sarita Kendall on how the second biggest producer is coping in a depressed market

A YEAR without coffee pact quotas has reconfirmed a lesson learned long ago by Colombia: the champion of market stability managed to increase export volumes by nearly a third over the last 12 months, yet coffee earnings fell US$200m and bigger losses are expected.

Current prices scarcely cover production and marketing costs, and, in the view of the Colombian Coffee Growers' Federation (Fedecafe), it will be at least two years before the international price creeps back to the level established in the last agreement – unless, of course, frost strikes in Brazil.

There is a lingering bitterness against the US for its role (as seen by Colombia) in scuppering the agreement. No opportunity is lost to pressurise the US to support President Virgilio Barco's drug war with trade, rather than military, measures. Now President-elect Cesar Gaviria has taken up the same cause, calling for better treatment for Colombia's products.

The US Government's attitude towards a new agreement – reflected in a recent "concept paper" setting out economic guidelines – is "constructive" according to Fedecafe. However, more cynical coffee experts interpret the paper as a political gambit, given that Brazil has shown no interest in pact talks, and that US representatives are likely to scupper any change of real benefit to producers – namely, better prices.

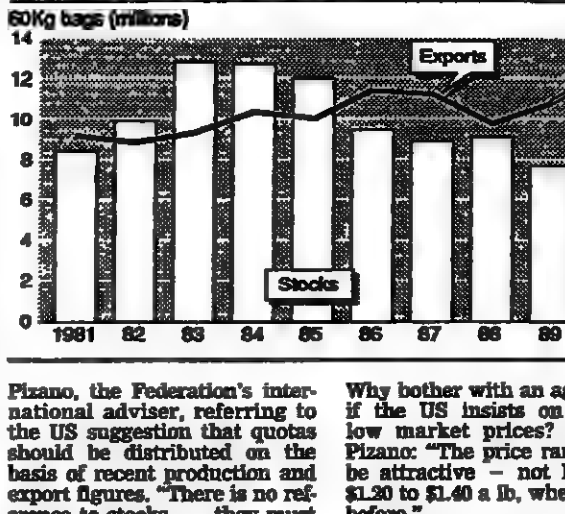
Despite Colombia's evident relief that the US has at least opened the discussion, Fedecafe is not uncritical of the proposals. "An agreement without any incentive to retain stocks cannot work," said Mr Diego Pizano, the Federation's international adviser, referring to the US suggestion that quotas should be distributed on the basis of recent production and export figures. "There is no reference to stocks. . . they must play an important part."

Five years ago, Colombia's coffee stocks topped 12m bags (60 kg each), but increased exports combined with several smaller harvests have reduced the amount to about 7m bags.

Regardless of the quibble about quota assignment mechanisms, Fedecafe agrees that a universal quota or single market is viable following changes in Eastern Europe, and would avoid vast problems caused by sales to non-pact countries.

The other issue side-stepped by the US document is price.

Colombian coffee



Why bother with an agreement if the US insists on existing low market prices? asks Mr Pizano: "The price range must be attractive – not less than $1.20 to $1.40 a lb, where it was before."

Until Brazil defines its position – supposedly before mid-July, when the next meeting takes place in London – little progress can be made. Colombia and the Central American countries have been given vague assurances by the Brazilian Government that the question of a new agreement is "under study" but, there is no strong, representative coffee organisation to channel the debate.

Lower international prices have so far had a limited effect on Colombian coffee growers. The domestic price is almost keeping pace with inflation, and the 1989-90 harvest – forecast at more than 12.5m bags – is good. However, the National Coffee Fund's finances are rapidly being eroded, and another year of prices under $1 a lb would precipitate a crisis in the sector, with the need to trim services further and sell off associated businesses.

Already the federation has cut back its programme for coffee growers: credit has dropped by nearly 30 per cent, and the fertiliser subsidy is down by almost half from its 1989 level. Funds for combating coffee rust have been reduced to a minimum, not because rust is under control, but because farmers cannot be persuaded to use the spray. About 90 per cent of the country's 1m hectares of coffee plantations is now affected, and 100,000 ha have been planted with the rust-resistant Colombia variety.

Renovation programmes should take production capacity to between 13m and 14m bags from 1991, provided farmers keep plantations in good condition. About half Colombia's coffee area – accounting for 70 per cent of production – has been modernised. Only large harvests will maintain annual exports at the 1989-90 level of 13m bags, and supply the domestic market with another 1.5m bags. Although the next president comes from Pereira, in the heart of the coffee country, this is no guarantee that he will decide to stimulate production at the expense of fiscal problems.

Coffee is still Colombia's main export and has brought in more than $1.3bn over the last year. Shipping over 1m bags a month is an organisational triumph, and quality and aggressive marketing has paid off. But "the consuming countries have been building up stocks," said Mr Roberto Junguito, director of the Private Coffee Exporters' Association, who fears that world demand will not remain as high.

While Colombia is anxious for a new agreement, it is equally concerned about the terms. The days of taking low quotas in order to keep the pact functioning appear to be over. Careful management has cushioned the economic blow, and Colombia has weathered a year of low prices, better than most producing countries. "Yes, it's bad, but not catastrophic," is Mr Junguito's verdict.

Zinc 'may lose market share'

By Kenneth Gooding, Mining Correspondent

ZINC'S RELATIVELY high price, currently buoyed by fears about a strike at Cominco's Trail smelter in British Columbia, is likely to lose the metal market share to aluminium, warns the Ord Minnett financial services group.

Zinc has not been so expensive relative to aluminium since June 1974, Ord's metals analyst Mr Nick Moore points out. "Already zinc alloy consumption in the US and Japan is plummeting."

The price ratio between zinc and aluminium has "undergone a major reversal." In June 1988 aluminium was 2.7 times as expensive as zinc; now it is 0.82 per cent cheaper.

Mr Moore suggests that the most price-sensitive areas for zinc in the past have been alloy die-casting and general galvanising. "Here the choice of material is highly price dependent and zinc's market share is thus vulnerable to the prime predators, aluminium and plastics." It might take five years for zinc to recover any ground lost to aluminium.

"Long after the metal traders have taken their pound of flesh, the zinc producers are going to have to pick up the pieces of shattered demand profile," says Mr Moore.

However, zinc prices seem set to stay relatively high for some time even though there is a widespread feeling among Canadian analysts that the current labour dispute at Cominco's Trail smelter will not lead to a strike.

The price of zinc for immediate delivery eased up by another US$10 a tonne to $1,762.50 yesterday while three-month metal was $6.50 up at $1,662.50 a tonne.

The present Trail contract expires tomorrow and 3,500 members of the United Steelworkers of America were taking a strike vote last night.

Cominco produces 5 per cent of the western world's zinc and 2 per cent of the lead. Last year Trail produced 272,900 tonnes of refined zinc and 103,500 tonnes of lead.

"Inventory levels for both metals are very low. Any prolonged supply disruption is going to cause consumers to scramble to meet their needs," said Mr Dominik Dlouhy, analyst with Nesbitt Thomson Deacon in Vancouver.

Mr Angus MacMillian, analyst with Billiton-Enthoven Metals, suggested Cominco "probably holds the key to how things develop in the zinc market over the next few months." But the labour contract at Noranda's Brunswick mine – at present the world's largest – expires tomorrow and that at the Canadian group's Valleyfield smelter three weeks later.

FAO fails to tackle 'root causes' of deforestation

John Madeley talks to officials responsible for the Tropical Forestry Action Plan

THE UN Food and Agriculture Organisation's Tropical Forestry Action Plan is not failing, Mr Hollis Murray, head of the FAO's forestry department, said in Rome this week, but it has not paid enough attention to "the root causes of deforestation."

In a stout defence of a plan that has come under strong attack from environmental groups, which claim that it has promoted logging, Mr Murray admitted that there had been deficiencies in its five-year history, but said that stopping deforestation "was inherently a slow process."

When the plan started in 1985, it was estimated that 11.3m hectares of forests were vanishing each year. Latest estimates suggest that the figure is now 17m hectares a year.

"What is happening is that the root causes of deforestation still persist," said Mr Murray, pointing to poverty, landlessness and concessions to exploit the forest.

"Poverty drives people into the forest to try to find land and fuel," he said; "in the beginning the plan did not pay enough attention to this and to the need for a many-sided approach. If you are going to relieve pressure on the forest, you need to look at the sources of those pressures and many of them well up from outside the forest."

He believes that national forestry action plans, of which there are now 79, are better located in ministeries of planning, rather than in forestry departments, so that a broader view can be taken of the measures needed to slow deforestation.

The Tropical Forestry Action Plan was devised by the FAO, the World Bank, the UN Development Programme and the World Resources Institute, the non-governmental organisation. It lays down guidelines to help countries with tropical forests to frame their own national forestry action plans.

Countries are encouraged to draw up proposals for their forests under the headings: land use, industrial development, fuelwood, conservation and institutions and then request financial support from donor countries.

Mr Murray denied that the plan had promoted logging. "Countries that possess tropical forests tend to see them as an important source of revenue," he said. "When they were drawing up their forestry plans many of these countries included in their proposals logging and exploitive projects.

"If you look at what happened following these proposals," says Mr Murray, "very few that were concerned with exploitation have received support from donor countries. There is a big difference between what has been put forward and what has been funded."

'Until the root causes are addressed and scaled down – poverty, weak institutions and economies – deforestation will continue'

He points to the experience of Cameroon, in West Africa, which has drawn up a national forestry action plan that has attracted fierce criticism from environmentalists.

Cameroon has proposed a $136m plan "which would open up closed forests in the south and south-east of the country and put them to production purposes." But donor countries are refusing to finance the plan because it earmarks only $11.6m for conservation.

The FAO is likely to accept the main findings of a recent independent review of the action plan, drawn up by an international panel of forestry experts. This proposes that the plan is separated from the FAO's forestry department and becomes an independent unit. It also recommends that more attention be paid to the sustainability of forest extraction and that an international forest convention should be set up to serve as a "code of conduct."

Non-governmental organisations should be consulted in drawing up new guidelines for the plan, suggests the review, and the word "plan" should dropped in favour of "programme" to emphasise the long-term nature of the forestry process.

"I would expect the revised plan to contribute to a reduction in deforestation," says Mr Murray, "but until the root causes are addressed and scaled down – poverty, weak institutions and economies, often due to debt burdens – deforestation will continue."

The plan is "geared to helping countries come to grips with these problems, with the co-operation of donors," he says. "If we can now get some quick action for the revised approach we can begin to slow down and reverse deforestation."

Mr Matthijs Heering, co-ordinator of the plan, points out that logging accounts for less than 10 per cent of tropical deforestation, with a further 10 per cent destruction being due to infrastructure development, such as building road and dams. About 55 per cent of forest loss, he says, is due to the demands of agriculture and shifting cultivators, while some 25 per cent is destroyed by settlers who move into the forest after logging.

Mr Heering said he expected "substantial changes" in the next five years, with more attention paid to the sustainable harvesting of non-timber forest products and with forest dwellers involved to a much greater extent in national forestry plans. "We will fail if we don't involve them," he said.

WORLD COMMODITIES PRICES

MARKET REPORT

TIN prices retreated further on the LME yesterday, with three-month metal hitting a new contract low of $6,120 a tonne. The market breached the previous low of $6,200, set in January, as fairly aggressive merchant liquidation touched off stop-loss selling. Some profit-taking purchases gave subsequent support, traders said. Recent chart support around $6,250 appears to have faded and a protracted lack of consumer offtake suggests $6,000 is probably the next major target. Copper prices advanced on the growing likelihood of strike action at Asarco's Ray Mine if a new labour contract is not settled by the weekend, traders said. Bearish fundamentals reasserted themselves in London's cocoa market, and prices shed most of Wednesday's run-up. Robusta coffee eased amid talk that Brazil had become a more competitive seller in the physical market. Gold edged further ahead in London, but peaked near $353 a troy ounce and seems set to retest $350. In New York orange juice futures were sharply higher at midday on concern about July's approaching notice period. "The trade wants to take delivery," said one analyst. "We could see fireworks since supplies are tight."

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$13.60-3.65w	+.080
Brent Blend	$16.08-6.12w	+.200
W.T.I. (1 pm est)	$17.14-7.16w	+.260
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$224-225	+1½
Gas Oil	$146-147	-1
Heavy Fuel Oil	$60-62	
Naphtha	$142-144	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$352.25	+2.25
Silver (per troy oz)♣	484c	+1.00
Platinum (per troy oz)	$479.70	-0.95
Palladium (per troy oz)	$113.60	+0.25
Aluminium (free market)	$1540	+5.00
Copper (US Producer)	113.50c	+0.50
Lead (US Producer)	40c	-5.00
Nickel (free market)	400c	+5.00
Tin (Kuala Lumpur market)	16.33r	-0.07
Tin (New York)	287c	
Zinc (US Prime Western)	87.5c	-0.50
Cattle (live weight)†	105.91p	-0.80*
Sheep (dead weight)†	151.32p	+1.25*
Pigs (live weight)†	100.61p	-8.08*
London daily sugar (raw)	$308.6r	-1.00
London daily sugar (white)	$357.0r	+2.00
Tate and Lyle export price	£291.0	+1.50
Barley (English feed)	£114.5w	+0.5
Maize (US No. 3 yellow)	£158	
Wheat (US Dark Northern)	£120	
Rubber (Aug)♥	54.25p	+0.25
Rubber (Sep)♥	55.00p	+0.25
Rubber (KL RSS No 1 Jul)	233.5m	+0.50
Coconut oil (Philippines)§	$310.0t	
Palm Oil (Malaysian)§	$280q	+5.00
Copra (Philippines)§	$200w	+5.00
Soyabeans (US)	£157.5	+1.00
Cotton "A" Index	81.05c	
Woollops (64s Super)	482p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jul. t-Jul/Aug. u-Oct/Dec. v-Jun/Jul. w-Aug. z-Aug/Sep. y-Sep. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	283.60	283.60	284.40 279.40
Oct	280.60	280.00	281.80 276.40
Dec	275.40	285.00	280.00 275.00
Mar	270.80	270.40	271.00 268.00
May	270.40	269.40	271.80 267.60
Aug	270.80	270.00	270.80 270.80
Oct	266.00	267.00	266.00 264.00
White	**Close**	**Previous**	**High/Low**
Aug	391.0	391.0	391.0 388.0
Oct	360.4	362.0	362.6 357.0
Dec	358.0	357.0	360.5 351.5
Mar	352.0	352.0	354.5 348.0
May	351.0	349.5	352.0 348.5
Aug	349.0	348.0	349.0 345.0
Oct	335.0	335.0	

Turnover: Raw 1529 (2895) lots of 50 tonnes. White 2654 (1536)
Paris- White (FFr per tonne): Aug 2178, Oct 2030 Dec 2020, Mar 1996, May 1983

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Aug	16.13	15.92	16.15 15.70
Sep	16.47	16.30	16.47 16.06
Oct	16.56	16.51	16.50 16.30
IPE Index	15.90	16.11	15.90 15.90

Turnover: 5975 (10124)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Jul	146.25	145.75	146.50 144.00
Aug	146.25	146.00	147.00 144.50
Sep	148.00	148.00	148.00 146.50
Oct	152.00	151.50	152.00 150.00
Nov	154.25	153.75	154.25 152.25
Dec	156.25	156.75	156.75 154.25
Jan	157.00	156.00	157.00 154.50
Feb	152.25	153.50	152.25

Turnover 3317 (6284) lots of 100 tonnes

FRUIT AND VEGETABLES

English strawberries at 50-65p a ½lb (50-60p) are great value this week, reports the FFVIB. Apples remain a good buy at 38-68p a lb (38-60p), along with cherries, peaches and nectarines. Top quality new potatoes are an excellent buy at 10-14p a lb as are carrots at 24-35p a lb (24-35p), broad beans at 35-55p a lb (35-55p) and asparagus at £2.00-2.30 a lb (£2.00-2.30). Lettuce is the best buy this week, with icebergs at 40-65p each 945-65p). Tomatoes remain in good supply at 35-45p a lb (35-45p) together with celery and Spring onions.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Jul	751	772	767 751
Sep	778	796	791 772
Dec	804	823	816 800
Mar	831	850	845 827
May	851	869	863 851
Jul	867	890	884 867
Sep	887	908	890 887

Turnover: 4601 (5896) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 27 1014.73 (989.94) 10 day average for Jun 28 983.67 (982.94)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jul	553	559	564 553
Sep	577	582	588 576
Nov	597	602	608 597
Jan	616	618	623 613
Mar	631	634	640 631
May	656	650	656 655
Jul	674	662	674 669

Turnover: 6139 (8181) lots of 5 tonnes
ICO indicator prices (US cents per pound) for June 27: Comp. daily 67.86 (67.38). 15 day average 69.66 (69.98)

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Nov	180.0	186.0	184.5 180.0
Apr	110.8	116.5	116.0 110.5
May	120.5	131.0	124.0 121.5

Turnover 522 (289) lots of 40 tonnes

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Oct	115.00	115.00	115.00

Turnover 21 (79) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Jun	1123		1125 1120
Jul	999	1013	1000 998
Oct	1086	1095	1092 1083
Jan	1107	1118	1110 1110
Apr	1120	1128	1124 1115
BFI	1110	1126	

Turnover 526 (292)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Sep	112.80	113.00	112.80 112.70
Nov	116.80	117.10	117.25 116.80
Jan	120.85	121.10	121.15 120.75
May	127.60	128.00	128.05 127.85
Barley	**Close**	**Previous**	**High/Low**
Sep	110.75	111.15	111.00 110.90
Nov	115.25	115.45	115.50 115.25
Jan	118.50		118.50
Mar	121.70		121.90

Turnover: Wheat 271 (122), Barley 83 (6). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Aug	124.0	122.5	123.9 122.9
Oct	120.5		120.0

Turnover 58 (12) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 11,057 lots
Cash	1541-3	1538-8		1539-40		
3 months	1565-6	1561-2	1569/1563	1562-3	1565-6	46,928 lots
Copper, Grade A (£ per tonne)						Total daily turnover 18,854 lots
Cash	1474-5	1444-5	1485/1464	1464-5		
3 months	1449-50	1422-3	1450/1440	1443-4	1450-1	78,879 lots
Lead (£ per tonne)						Total daily turnover 3,447 lots
Cash	507-8	494.5-5.5	505/501.5	501-1.5		
3 months	505-6	496.5-7	506/501	501-2	505-6	9,935 lots
Nickel ($ per tonne)						Total daily turnover 1,632 lots
Cash	8670-700	8575-85	8680/8650	8680-90		
3 months	8700-25	8600-25	8775/8650	8680-80	8725-75	8,512 lots
Tin ($ per tonne)						Total daily turnover 2,045 lots
Cash	5980-6020	6155-65	6110/6105	6105-7		
3 months	6100-40	6270-5	6250/6140	6225-30	6150-60	6,163 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 5,016 lots
Cash	1760-5	1750-5	1757	1757-8		
3 months	1662-3	1655-8	1668/1653	1658-60	1668-5	19,321 lots

LME Closing £/$ rate: SPOT: 1.7403 3 months: 1.7130 6 months: 1.6909 9 months: 1.6691

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	352-352½	202-202½
Opening	350¼-350¾	201½-202
Morning fix	350.80	202.180
Afternoon fix	352.30	202.380
Day's high	352½-353	
Day's low	350¼-350¾	
Coins	**$ price**	**£ equivalent**
Maple leaf	359-364	205-209
Britannia	359-364	208-209
US Eagle	359-364	208-209
Angel	359-364	205-209
Krugerrand	351-354	201½-203½
New Sov.	82-84	47-48½
Old Sov.	82-84	47-48½
Noble Plat	489.00-495.75	280.95-285.40
Silver fix	**p/fine oz**	**US cts equiv**
Spot	277.90	482.50
3 months	286.15	492.45
6 months	295.50	502.80
12 months	318.70	524.10

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	July	Sep	July	Sep
1450	101	120		7
1550	14	50	13	35
1650	1	14	98	97
Copper (Grade A)	**Calls**		**Puts**	
2400	158	133	1	32
2500	63	74	4	71
2600	8	36	69	131
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
550	44	69	17	22
600	19	42	42	45
650	7	24	80	77
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
750	55	85	27	41
800	31	69	53	65
850	17	50	89	96
Brent Crude	**Aug**	**Sep**	**Aug**	**Sep**
1600	28			53
1650	8			
1700		29		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	352.1	351.4	0	0
Aug	354.1	353.2	355.8	353.7
Oct	358.3	357.5	359.5	358.0
Dec	362.7	361.9	364.5	362.5
Feb	367.2	366.4	368.5	368.5
Apr	371.6	370.8	372.0	372.0
Jun	376.2	375.4	0	0
Aug	380.7	380.0	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	483.5	481.8	485.5	482.0
Oct	488.9	487.5	492.0	488.0
Jan	495.8	493.5	496.5	495.5
Apr	500.9	498.4	501.0	0
Jul	508.3	503.8	507.0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	481.3	479.5	485.0	479.5
Aug	485.2	483.4	0	0
Sep	489.2	487.5	493.5	488.0
Dec	500.0	[illegible]	504.5	[illegible]
Jan	503.1	501.7	503.2	503.2
Mar	510.4	509.0	515.0	509.0
May	517.6	516.3	521.5	517.5
Jul	524.9	523.7	527.0	524.2
Sep	532.6	531.0	0	0
Dec	543.7	543.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	114.30	110.00	114.50	110.60
Aug	114.30	109.30	111.50	111.40
Sep	113.30	108.00	113.50	108.80
Oct	111.60	108.75	0	0
Nov	109.95	105.80	107.40	107.00
Dec	108.60	104.30	107.90	104.70
Jan	107.20	103.15	0	0
Mar	104.20	100.80	101.80	101.80
Apr	103.65	100.25	0	0
May	102.60	99.30	100.80	100.80

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	17.12	16.68	17.38	16.75
Sep	17.81	17.41	17.95	17.45
Oct	18.34	18.00	18.49	18.05
Nov	18.70	18.37	18.78	18.43
Dec	18.98	18.64	18.98	18.66
Jan	19.11	18.84	19.12	18.90
Feb	19.24	18.98	19.15	19.00
Apr	19.29	19.18	19.29	19.28
May	19.31	19.27	19.38	19.31

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jul	4865	4793	4890	4800
Oct	5185	5108	5186	5105
Nov	5290	5238	5320	5230
Dec	5405	5345	5425	5340
Jan	5445	5365	5460	5390
Feb	5415	5355	5415	5365
Mar	5215	5185	5235	5235

COCOA 10 tonnes; $/tonnes

	Close	Previous	High/Low	
Jul	1212	1222	1225	1205
Sep	1234	1240	1253	1220
Dec	1263	1275	1284	1254
Mar	1287	1304	1303	1287
May	1309	1328	1323	1308
Jul	1329	1348	1348	1348
Sep	1351	1368	1370	1370

COFFEE "C" 37,500lbs, cents/lbs

	Close	Previous	High/Low	
Jul	85.00	85.70	86.40	84.40
Sep	87.05	88.35	89.25	86.60
Dec	90.10	91.45	92.30	90.05
Mar	92.85	94.25	95.05	92.85
May	94.80	96.00	0	0
Jul	96.65	98.00	96.75	0
Sep	98.55	99.80	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	12.63	12.68	12.72	12.58
Oct	12.53	12.51	12.65	12.41
Mar	12.19	12.15	12.29	12.12
May	12.18	12.13	12.28	12.10
Jul	12.16	12.11	12.25	12.08
Oct	12.08	12.05	12.10	12.05

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	87.00	87.18	87.75	86.40
Oct	77.67	77.78	77.85	77.40
Dec	74.20	73.83	74.30	73.70
Mar	74.95	74.60	75.00	74.45
May	75.10	74.77	75.10	74.71
Jul	74.94	74.70	75.00	74.85
Oct	70.25	70.00	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	187.90	182.20	191.00	183.00
Sep	170.80	165.80	170.80	168.70
Nov	164.00	160.00	165.00	160.50
Jan	159.25	156.80	160.25	158.00
Mar	158.70	156.75	159.00	157.50
May	158.25	156.25	0	0
Jul	158.25	156.25	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jun 28	Jun 27	mnth ago	yr ago
1852.8	1857.3	1887.5	2027.3

DOW JONES (Base: Dec. 31 1974 = 100)

	Jun 27	Jun 26	mnth ago	yr ago
Spot	131.38	-	133.80	133.06
Futures	131.77	-	132.09	131.85

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	607/0	608/0	609/6	606/4
Aug	614/8	615/2	617/0	614/0
Sep	621/0	622/0	624/4	620/8
Nov	632/2	632/2	635/0	631/4
Jan	644/0	644/2	645/2	642/2
Mar	655/0	654/4	656/0	654/0
May	665/0	664/0	665/4	663/4
Jul	671/0	670/0	672/4	670/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	24.13	24.02	24.22	23.95
Aug	24.03	23.93	24.05	23.83
Sep	23.98	23.85	24.04	23.75
Oct	23.87	23.72	23.95	23.75
Dec	23.79	23.61	23.84	23.55
Jan	23.64	23.47	23.70	23.45
Mar	23.50	23.30	23.60	23.35
May	23.40	23.12	23.45	23.30

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	176.2	177.2	177.1	175.9
Aug	178.3	179.2	179.0	177.9
Sep	180.1	181.1	181.2	180.0
Oct	182.0	182.9	182.8	181.9
Dec	185.8	186.8	187.0	185.6
Jan	187.5	188.5	188.2	187.0
Mar	190.2	191.5	190.5	189.0
May	191.5	192.0	191.5	191.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	295/2	287/0	298/0	287/0
Sep	289/2	284/4	290/4	284/6
Dec	287/0	283/6	287/4	283/6
Mar	294/2	290/6	294/4	290/4
May	298/2	295/2	298/4	295/0
Jul	299/6	297/2	300/0	297/0
Sep	284/0	282/0	284/0	282/0
Dec	271/4	268/0	272/0	267/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	330/2	333/2	333/6	329/4
Sep	335/2	337/4	338/0	334/6
Dec	350/0	351/4	352/4	349/4
Mar	355/6	357/6	358/4	355/4
May	349/4	352/4	354/0	349/4
Jul	344/4	347/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	73.17	73.15	73.42	73.02
Oct	75.12	75.25	75.40	75.10
Dec	74.82	74.87	74.97	74.72
Feb	74.60	74.62	74.77	74.55
Apr	75.70	75.67	75.75	75.60
Jun	72.85	72.85	72.90	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	60.57	60.77	60.80	60.30
Aug	58.35	58.92	59.00	58.22
Oct	52.65	52.90	53.10	52.42
Dec	51.80	51.82	51.90	51.50
Feb	48.87	49.40	49.20	48.75
Apr	45.97	46.05	46.15	45.90
Jun	49.05	49.25	49.20	49.05
Jul	48.92	49.12	0	48.90

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	59.25	59.15	60.35	58.75
Aug	57.87	58.30	58.75	57.80
Feb	54.97	55.65	55.60	54.80
Mar	54.35	55.20	55.25	54.35
May	55.80	56.72	57.00	55.80

LONDON STOCK EXCHANGE

Futures and downgrades hit equities

AN INCREASINGLY nervous UK equity market gave ground again yesterday in the face of further concern over the outlook for corporate profits on both sides of the Atlantic. Turnover was higher but selective, and much of the activity was led from a futures market bracing itself for the expiry this morning of the FT-SE June future contract.

An attempt was made to move higher at first, on the back of Wall Street's overnight gain of nearly 20 Dow points; but London was also aware of a profits warning from American Telephone &Telegraph (AT&T), a development which fitted in *only* too well with the mood in the UK market. Yesterday morning brought fresh downgradings by securities houses of profits forecasts for leading UK companies, notably for Cookson Group, the industrial company, and for TSB, the retail bank, following its trading report. Meanwhile, Burton, the UK retailer, suffered a further loss, and other retail issues moved lower again behind Burton's warning on falling high street sales. Market uncertainty is now building up ahead of the interim profits reporting season.

Account Dealing Dates		
*First Dealings:		
Jun 11	Jun 25	Jul 9
Option Declarations:		
Jun 21	Jul 5	Jul 19
Last Dealings:		
Jun 22	Jul 6	Jul 20
Account Day:		
Jul 2	Jul 16	Jul 30

*New-time dealings may take place from 8.30 am two business days earlier.

But it was the futures market which provided the trigger for the downward turn in equities and set the pace for an erratic but depressed session. The battle continued between two of London's leading securities houses to unwind often contrasting positions in the Footsie June future, which must technically match the underlying FT-SE Index at expiration this morning. The shrinking premium on the June future dragged the index down by nearly 13 points yesterday before it steadied ahead of the opening of the new Wall Street session.

An early advance of 3.46 Dow points in New York proved no help to the London market, which crumbled away as the hectic interplay between the cash and futures resumed. The future premium had disappeared entirely by the time the futures market closed at 4.20pm.

The final reading showed the FT-SE Index at 2,355.7, a net fall of 17.8 as it slipped to its lowest level of the day. Some equity traders had a hard time struggling to keep pace with moves in the futures; "the tail wagging the dog," commented one of them bitterly.

Seaq volume increased from 389m on Wednesday to 448.1m yesterday with inter dealer business higher as futures contracts were unscrambled. Business was highly selective, however. TSB and Glaxo saw hefty trading but ICI barely reached the 1m shares level.

There was heavy turnover in the aerospace sector, with Daimler-Benz, of Germany, denying that it wanted a stake in British Aerospace and Rolls-Royce firmer on hints in the London market of impending engine orders.

FINANCIAL TIMES STOCK INDICES

	June 28	June 27	June 26	June 25	June 22	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	79.89	80.02	80 37	80 35	80.39	85.03	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49 18 (3/1/75)
Fixed Interest	[illegible]	88 42	[illegible]	88.54	88.67	85 94	92.91 (8/1)	83 80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1887.8	1902.6	1926.6	1929.4	1913.0	1809.6	1968 3 (3/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	176.1	174.5	174 2	173.9	171.0	198.2	378.5 (6/2)	167.9 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2355.7	2373.5	2390.8	2398.5	2378 5	2182.0	2463.7 (3/1)	2103.4 (30/4)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord Div. Yield	4.91	4.87	4.81	4.80	4.84					
Earning Yld %(full)	10.89	10.76	10.61	10.60	10.67					
P/E Ratio(Net)(☆)	11.19	11.27	11.42	11.44	11.35					
SEAQ Bargns 4.45pm	22,288	22,444	26,826	23,493	28,472	25,931				
Equity Turnover(£m)†	-	734.86	803.67	636 90	880 26	1400.07				
Equity Bargains†	-	21,378	25,889	22,943	27,992	28,437				
Shares Traded (ml)†	-	327 6	376.6	318.6	387.9	458.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 11 07

Ordinary Share Index, Hourly changes — Day's High 1904.5 — Day's Low 1887.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1904.5	1898.1	1892.9	1893.0	1894.2	1894 6	1894.6	1893.8	1890.7

FT-SE, Hourly changes — Day's High 2376.6 — Day's Low 2355 7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2376.6	2368.0	2361.0	2361.9	2363.5	2364 1	2364.8	2363.3	2358.7

GILT EDGED ACTIVITY

Indices*	June 27	June 26
Gilt Edged Bargains	112.1	107 1
5 – Day average	119.3	124.7

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001.

Cookson weightings lowered

A REVERSAL was suffered by Cookson Group as several analysts cut profit forecasts. Mr Oliver Fear at BZW reduced his figure for the current year from £160m to £150m, saying that the market for titanium dioxide, used in paint, paper and plastics manufacturing, was difficult. This affects Cookson's 50 per cent owned associate Tioxide.

Mr David Ireland of Hoare Govett cut £15m off his forecast to £165m, adding that net debt would remain high and that the company's 8 per cent holding in Johnson Matthey was worth about £10m less than in December 1989. That holding is treated as a short-term investment in Cookson's balance sheet.

Traders said a meeting between Cookson and Goldman Sachs yesterday seemed to have done nothing to encourage the US house to push the stock. The shares weakened 17 to 203p, just a penny above the day's worst.

Bank disappoints

High street bank TSB disappointed the market with interim results below expectations, resulting in a series of profits downgrades. However, the shares held up well as specialists continued to point to the possibility of a takeover bid, as well as the proposed share buy-in.

TSB's pre-tax profits came out at £175m, up 7 per cent on last year's £164m, but a long way short of the market range of forecasts of around £185m to above £200m. The reported figures were badly affected by a sharp increase in provision for bad debts, up from last time's £26m to £83m.

Analysts moved quickly to lower expectations for the full year, with a figure of £360m pencilled in by some. Mr Robert Law at Shearson Lehman expects £370m, or earnings per share of 18p, for the year. He said the shares "look oversold" after the recent weakness against the sector and comparing the 5.9 per cent historic yield with 5.5 per cent offered by Abbey National.

The TSB share price slipped 5 to 136p while turnover expanded rapidly to reach 10m shares, thrice that for any other high street bank stock yesterday.

Aerospace targets

Aerospace issues were the targets for considerable speculation about share stakes, new aircraft or engine orders, and buy recommendations from leading investment houses. Rolls-Royce commanded most of the activity, but British Aerospace was the frontrunner initially on talk of stake-building by Daimler-Benz. The German group later denied having any such intentions.

The stories then switched to Rolls-Royce, whose shares were enjoying a good run after recent dullness. Possible links with Daimler-Benz were mooted earlier this year, and more probable reasons for the Rolls-Royce firmness were options-driven activity coupled with persistent support from two major investment banks.

BZW reiterated its strong stance on the shares at yesterday morning's meeting and Smith New Court will shortly issue advice of a similar nature. Reports of new orders for aircraft or engines, either from UK or US operators, were the cherry on the cake for both stocks.

Come the end of the session, Rolls-Royce was 6 higher at 223p after turnover of 7.7m shares, but BAe had retreated from a high of 560p to settle little changed on the day at 545p, inhibited finally by suggestions of more Tornado fighter cancellations. Volume totalled only 1.5m.

Glaxo resilient

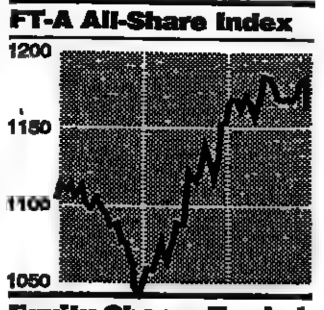
Glaxo benefited from analysts' responses to a presentation by Mr Ernest Mario, the company's chief executive, to institutions in Tokyo. Researchers in London focused on the declaration that 31 per cent of sales in 1995 would come from new products. This is a sharp change from Mr Mario's earlier forecast of 15 per cent.

Mr Ian White at Kleinwort Benson said this meant Glaxo was much more optimistic on drugs currently under development. He reiterated his buy recommendation on the stock. However, Ian Moore and Martin Hall at UBS Phillips & Drew drew negative conclusions. They said the figures implied that there would be no growth at best in sales of the company's anti-ulcer treatment, Zantac, the world's best-selling drug.

The company's financial year ends today and its accounts use year-end exchange rates, so profits forecasts can change as sterling fluctuates. The UBS team said it expected downgradings today, reiterated its cautious stance and recommended that clients top slice their holdings.

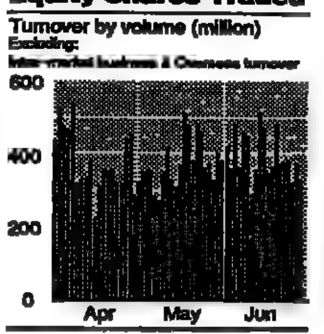
Glaxo was 12 higher at one point, but the gain was whittled away as the market weakened. The shares closed at 806p, a net gain of 7.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



New VCR product

A brief bout of weakness in Amstrad, triggered by the latest warning of deteriorating conditions in UK high street retailing, was reversed at mid-session as BZW reiterated its bullish stance and news emerged of another new niche consumer electronics product from Amstrad – a twin-deck video cassette recorder (VCR), priced at under £400. BZW was a heavy buyer of Amstrad shares which, after slipping to 62p, rallied strongly to close a net 3¼ higher at 68¼p. Turnover was 3.9m.

BZW's Paul Norris said he had spoken to Amstrad, which confirmed that the company was trading "in line with expectations." He described Amstrad as "a great recovery play," and said the shares offered "outstanding value after underperforming the market by 7 per cent over the past month."

Concern mounts

Concern over Parkfield mounted when Laing & Cruickshank, the broking house, placed 2.3m shares of the mini-conglomerate early yesterday at a price of 90p. This compared with an overnight level of 125p and, more significantly, with 346p only a week ago when the board warned that profits for the year ending April 1990 were unlikely to surpass the previous year's £23m. Analysts had been looking for around £35m.

The market has since been nervous amid speculation that the company's problems centre on its entertainments division. At one stage yesterday the shares halved in value to 65p, before steadying to close 48 down on the session at 77p. The company was believed to be discussing the situation with its financial advisers, and an early statement is expected.

ICI continued to retreat on further consideration of several cuts in profit forecasts from analysts in the last three days. Traders said a US downgrading had triggered selling on Wall Street and the shares fell 19 more to 1143p. Turnover was a solid 1.1m shares.

One stock to buck the market's weakness was Unilever. Dutch demand left the price of the NV in London ¹⁵⁄₁₆ higher at £49¼. The plc firmed a penny to 704p. Another was Rothmans International, climbing 9 to 762p following several days of weakness ahead of Wednesday's better-than-expected results.

Tex weakened after revealing annual profits below expectations and a trading statement, considered bearish by the market, on current prospects. The shares dropped 28 to 140p.

Sharply lower first-half profits brought Arthur Lee down 5 to 148p, but Carclo ignored news of reduced full year earnings and responded to the board's fairly confident message on the outlook, gaining 9 to 127p.

Davy Corporation ran into another sell recommendation, this time from Nomura Research, which believes the shares are "likely to languish for some time until market confidence is restored." The close was 2 easier at 203p.

Smith New Court placed 3.7m Fosseco shares at 240p apiece to institutions in a bought deal. The block was the 4.4 per stake bought a year ago by Messrs Gilbert and Michael Scharf, the US brothers. Fosseco slipped 10 to 240p.

Leigh Interests was given permission to operate its West Midlands clinical waste incinerator on a 24-hour basis and the shares firmed 4 to 345p.

There was no respite for a banks sector which has endured a series of big profits downgrades over the past few weeks. Barclays and Lloyds declined 7 apiece to 397p and 290p respectively, albeit in much reduced turnover, while NatWest eased 4 to 321p on 3m shares, and Midland 3 to 291p.

Abbey National were 3 higher at 208p, owing to switching out of the "big four" and TSB.

Insurance stocks made small progress at the outset but quickly succumbed to widespread selling pressure as takeover stories faded into the background. Composites, stimulated on Wednesday by a buy recommendation issued by one of the leading broking houses, turned tail. Double-figure losses were seen in Commercial Union, 515p, General Accident, 1125p, and Royal Insurance, 483p. In lifes, Prudential fell 6 to 231p.

The building arena provided some of the market's outstanding gains. News that County NatWest had included three of the housebuilders in its "core holding" list gave a big boost to Berkeley Group, which raced up 21 to 206p, and Barratt Developments, 3 ahead at 190p. BPB's results were at the bottom end of the range and analysts pared their current year estimates to as low as £100m. BPB shares, however, held at 229p.

Burton continued to plummet in the wake of Wednesday's warning on trading from the company and analysts' subsequent downgradings. The shares ended 23 lower at 126p, making a two-day fall of 38, or more than 23 per cent. Volume, at 15m shares, was almost double Wednesday's already busy trading.

Other stores were dragged lower, with Gus "A" off 25 at 1029p, Kingfisher 10 easier at 647p, and even the defensive Marks and Spencer shedding 5 to 235p.

BICC were heavily sold and retreated 18 to 424p on further consideration of the £177m rights offer announced on Wednesday. Recent profits downgrades of the software companies saw SD Scicon fall 5 to 74p. Sema was an erratic market, the shares initially moving up to 603p on Cap Gemini Sogeti stake-building, before falling away to 582p and eventually closing a net 4 higher at 592p after Sema said it was not involved in talks with a "third party, or aware of any change in the company's trading position."

BET was again the haven for investment funds now the group has switched its strategic policy from acquired to organic growth. The shares, which added 6 at 266p, were recently described by County NatWest as being "ludicrously cheap."

Advice from the same house of a "strong recurring revenue base" put American Business Systems up 7 further to 200p, while Wilding Office Equipment responded to first-half results which showed a strong recovery from the losses incurred in the latter half of the previous year. The shares ended 5 better at 75p.

Waterglade International shrugged aside unexpectedly lower profits for the year of £6m – market estimates had ranged to £8.5m – and rushed forward 10 to 70p. The shares, said a trader, seem to have been excited by a report that a Swedish concern would replace collapsed Rush & Tompkins as the equal partner in the key Hamburg office scheme.

M & W, the south of England operator of convenience stores, made a successful debut yesterday. The fully-listed shares attracted steady support and closed at the day's highest of 85p. Beeson Gregory, the company's broker, recently placed 5.6m shares at a price of 77p.

Aran Energy edged ahead to 51p after announcing the terms of a £35m rights issue, the proceeds of which will be used to fund development of its stakes in the Alba and Gryphon fields in the North Sea. Aran said around three weeks ago that it would be raising money for this purpose.

■ Other Market statistics, including the FT-Actuaries share index, Page 29

TRADING VOLUME IN MAJOR STOCKS

Volume 000's / Closing Price / Day's change

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (54).
BRITISH FUNDS (5) BUILDINGS (6) CHEMICALS (2) STORES (4) ELECTRICALS (7) ENGINEERING (7) FOODS (5) INDUSTRIALS (13) AGA, Amer. Business Systems, BOC, Cornwell Parker A, Eurocopy, Huntingdon Intl., Le Creuset, Portmeirion Potteries, RCO, Securiguard, Stora B Free, Wolseley, INSURANCE (2) PROPERTY (2) SHOES (1) TEXTILES (1) TRUSTS (7) OILS (3).
NEW LOWS (55).
AMERICAN (2) CANADIANS (2) BUILDINGS (3) CHEMICALS (1) STORES (4) ELECTRICALS (1) ENGINEERING (4) FOODS (1) INDUSTRIALS (9) Aukett Assocs., BSG Intl., Beaverco, British Fittings, Cannon Street Invs., Hawthorn Leslie, Parkfield, Sothebys Class A, Tilon, INSURANCE (3) LEISURE (1) PROPERTY (3) SOUTH AFRICANS (1) TEXTILES (1) TRANSPORT (1) TRUSTS (6) OILS (3) MINES (7) THIRD MARKET (3).

APPOINTMENTS

Royal Bank of Scotland chairman

■ Mr George Younger has been appointed chairman of THE ROYAL BANK OF SCOTLAND, principal subsidiary of The Royal Bank of Scotland Group, from July 1. He will succeed Sir Michael Herries, who will continue to serve as a director of the bank and will retain the chairmanship of the holding company.

Dixons changes

■ DIXONS STORES GROUP has made the following changes. Mr David Hamid becomes managing director, Mastercare, from managing director Dixons Financial Services, where he is succeeded by Mr Mark Burton, group financial controller. Mr George Fairweather becomes group financial controller and a director of Dixons Group Management. Mr Dale Heathcote is made commercial director of Mastercare.

■ NORCROS, Bracknell, has appointed Mr Peter Levinsohn as corporate affairs manager from July 1. He was director of the building products division, and succeeds Mr Roger Feaviour, director of corporate affairs, who has resigned to take another post.

■ LAZARD BROTHERS & CO has appointed Mr Michael McGonigle as an executive director. He will be joining the company in September. He was head of TOUCHE REMNANT PROPERTY SERVICES, where he has been succeeded by Mr Patrick Bushnell who becomes managing director. Mr Bushnell, who was a director of the property subsidiary, also becomes a director of Touche, Remnant & Co.

■ Mr Barry McCorkell has been appointed a director of STEWART IVORY & CO, Edinburgh.

Mr David Rough *(pictured)*, director of UK equities, has been promoted to managing director (securities) at LEGAL & GENERAL INVESTMENTS. Mr Mike Payne, director (investment strategy), becomes senior director (investments).

Board posts at metals research consultancy

Mr Kelsey van Musschenbroek has become non-executive chairman of METALS & MINERALS RESEARCH SERVICES, the base metals research and consultancy group, *writes Kenneth Gooding, Mining Correspondent.* He is chairman of Canadean, a specialist research and consultancy group for the international food and beverage industries.

This follows a limited management buy-out at MMRS which was supported by an investor group led by Sosland Companies of Kansas City, US.

Executive directors on the reconstituted MMRS board are Mr Simon Hobson, Mr Graham Deller and Mr Stephen Briggs. Mr Charles Sosland becomes a non-executive director.

MMRS is to expand its activities into precious metals research and to this end Mrs Rosemary van Musschenbroek has been appointed an executive director. She has more than 20 years experience in gold, silver and platinum market research having previously worked for the Anglo American Corporation of South Africa, J Aron, and Goldman Sachs.

■ Mr Philip Taylor becomes a director of APPLEYARD GROUP, responsible for Minories Group.

ICI board post

■ Mr A.T.G. (Tony) Rodgers has been appointed an executive director of IMPERIAL CHEMICAL INDUSTRIES from January 1. Since 1983 he has been the principal executive officer of ICI colours and fine chemicals, and chairman of the fine chemicals manufacturing organisation. Mr Rodgers has also been chairman of the group management services board and a director of ICI Americas Inc since 1986.

ME LOANS HOLDINGS has appointed Mr Alex Tan *(pictured)* as divisional director compliance. He previously held the posts of chief accountant, deputy treasurer and divisional director, corporate finance.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

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BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES – Contd

Components

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	453	...	3.5	10.8	1.0	12.0
225	203	Airflow Streamlines	215	–3	6.0	3.9	3.7	9.2
190	145	Bostrom 5p	180	+2	5.75	3.1	4.3	8.2
266	191	Dowty 50p	220	...	18.0	2.3	4.8	11.5
239	152	FR Group	161	–4	6.37	3.2	5.3	7.7
135	63	Kwik-Fit Hldgs. 10p	81	...	2.4	1.7	4.0	20.4
174	142	Lucas Inds.	167	+5	†6.25	3.0	5.0	7.6
16	6½	Spice 5p	7½	...	†g1.2	0.4	‡	53.7

Garages and Distributors

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
28	19	Alexanders 10p	24	..	1.0	3.0	5.6	7.2
135	110	Appleyard 10p	114	–1	7.8	2.4	9.1	5.3
110	75	Brit. Motor 20p	80	...	7.5	1.9	12.5	5.7
568	489	Caffyns 50p	489xd	...	11.5	♦	3.1	♦
121	98	Central Motor Auctns	106	...	3.25	3.0	4.1	10.7
61	26	Cook (D.C.) Hldgs	40	...	‡1.33	—	‡	—
99	39	Cowie (T.) 5p	59	...	4.2	2.2	9.5	5.5
95	68	Dagenham Motors 10p	73	...	5.25	2.8	9.6	5.0
98	81	Davenport Vernon 10p	91xd	...	3.5	3.6	5.1	6.4
29	16	Equity & Gen 5p	208	...	†1.5	1.7	10.0	(7.1)
247	169	Evans Halshaw	187	...	11.25	2.4	8.0	6.8
113	85	Gates (F.G.)	103	...	2.75	1.9	3.6	19.3
161	106	Gowrings 10p	111	–1	5.63	1.3	6.8	12.5
167	118	Hartwell	154	...	3.6	♦	3.1	♦
81	60	Jacks Wm.	61	...	2.0	1.0	4.4	30.6
128	80	Jessups	81	...	7.0	2.5	11.5	4.6
181	74	Lancaster	180	...	♦4.5	2.7	3.3	15.0
297	233	Lex Service	275	–2	15.3	2.6	7.4	7.0
147	98	Lookers	108	+1	6.2	3.9	8.4	4.0
43	31	Malaya Group 10p	35	–1	2.0	♦	7.6	♦
133	88	Pendragon	121	+3	W4.25	♦	4.7	♦
178	134	Perry Group	139	...	9.0	2.1	8.6	7.3
139	110	Quicks Group 10p	125	...	6.0	3.0	6.4	6.5
26½	16	Trimoco 10p	20½	+2	1.4	2.4	9.1	5.9

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST – Contd

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

MINES

MINES – Contd

THIRD MARKET

NOTES

... Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1	830xd	...
Finlay Pkg 5p	53	
Holt (Jos) 25p	1300	

IRISH

Stock	Price	+ or –
Cap 8½% Ln. 1991	£98¼	...
9pc Cap Ln 1996	£95¼	...
Fin. 13% 97/02	£113½	..
Arnotts	190	...
Carroll (P.J.)	120	+2½
Hall (R. & H.)	165	..
Helton Hldgs.	80	+5
IRG	201	
United Drug.	160	.

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	40
Amstrad	7
Astec (BSR)	6
BAT	62
BOC Grp	48
BTR	37
Barclays	34
Blue Circle	21
Boots	24
Bowaters	40
Brit Aerospace	47
British Steel	13
Brit. Telecom	25
Cadburys	30
Charter Cons	42
Comm Union	41
Courtaulds	29
Eurotunnel	55
FKI	7
FNFC	20
Gen Accident	93
GEC	18
Glaxo	68
Grand Met	53
Guardian	20
GKN	33
Hanson	28
Hawker Sidd	53
ICI	99
Ladbroke	27
Legal & Gen	34
Lex Service	28
Lloyds Bank	25
Lucas Inds	13
Marks & Spencer	19
Midland Bk	24
Nat West Bk.	30
P & O Dfd	52
Polly Peck	39
Racal Elect.	19
RHM	30
Rank Org Ord	70
Reed Intnl	38
STC	21
Sears	9
SmKl Beecham A	48
TI	39
TSB	11
Tesco	19
Thorn EMI	62
Trust Houses	24
T&N	18
Unilever	58
Vickers	19
Wellcome	57

Property

Stock	p
Brit Land	32
Control Secs	4
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Stock	p
Aviva Petm	5
Brit Petroleum	28
Burmah Oil	55
Conroy Petm	10
Gaelic Res	3½
Premier	9
Shell	40
Tuskar Res	5½
Ultramar	31

Mines

Stock	p
Lonrho	21
RTZ	50

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ☉ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ● - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Touche Remnant Unit Tst Mngt Ltd – Contd.						
TR Income Growth	5¼	89.81	89.81	95.54	-0.38	4.80
TR Income Monthly	5¼	52.98	52.98	56.36	+0.01	6.82
TR Japan Growth	5¼	83.56	83.56xd	88.73	+1.07	0
TR Overseas Growth	5¼	68.42	68.42xd	72.99	+0.33	0
TR Smaller Cos	5¼	78.66	78.66	83.68	-0.05	3.64
TR Special Opps	5¼	85.50	85.50	90.95	-0.70	4.35
TR Mgd Ex Fin Acc	5¼	36.48	36.48	38.80	-0.02	2.96
TR Mgd Ex Fin Inc	5¼	34.21	34.21	36.39	-0.02	2.97
TR Worldwide Acc	5¼	39.36	39.36	42.19	+0.17	0
TR World Gth Inc	5¼	39.32	39.32	42.15	+0.17	0
TR Pension Portfolio						
TR American Gwth ♦	6	28.84	29.22	30.97	+0.41	0
TR Eur Sp Sits ♦	6	36.07	36.55	38.74	+0.08	0
TR General Growth ♦	6	26.22	26.50	28.09	-0.04	0
TR Global Tech ♦	6	30.34	30.74	32.59	+0.21	0
TR Income Growth ♦	6	26.20	26.48	28.07	-0.17	0
TR Japan Growth ♦	6	26.08	26.31	27.89	+0.28	0
TR Mgd Equity ♦	6	27.99	28.29	29.99	-0.08	0
TR Overseas Growth ♦	6	29.34	29.73	31.51	+0.13	0
TR Smaller Cos ♦	6	18.59	18.78	19.91	+0.02	0
TR Special Opps ♦	6	17.56	17.74	18.81	-0.22	0
TR Stk Liquidity ♦	6	26.56	27.02	28.15	...	0
TR Worldwide Sits ♦	6	32.00	32.60	34.56	+0.12	0
Trades Union Unit Tst Mngrs (1200)H						
MLA Tower, Addiscombe Road, Croydon 081-686 4355						
TUUT	5	256.2	261.8	275.5	-1.3	3.14
Triton Fd Mngrs. Ltd. (1000)H						
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400						
Triton General	5¼	169.2	171.8	182.8	-0.80	3.33
Tyndall Unit Tst Mngrs Ltd (1600)F						
25 Bucklersbury, London EC4N 0800 373574						
Austral Value	5¼	39.59	39.59	41.97	-0.38	–
British Lion	5	88.55	88.55	93.87	-0.79	4.05
Accum Units	5	93.57	93.57	99.19	-0.84	4.05
Capital Defender	5	36.92	36.92	39.14	+0.17	9.95
Accum Units	5	42.16	42.16	44.70	+0.20	9.95
1992 Eurogrowth Acc	5¼	78.62	78.62	83.35	+0.03	1.04
Income	5	79.13	79.13	83.89	-0.53	8.01
Accum Units	5	91.09	91.09	96.57	-0.62	8.01
Smaller Co's	5	71.65	71.65	75.96	+0.02	3.55
Accum Units	5	74.79	74.79	79.29	+0.01	3.58
Tiger Accum	5¼	75.14	75.14	79.65	+0.11	1.85
UK Unit Trust Managers Ltd (0905)F						
Worthing Road, Horsham, RH12 1SL 0403 40033						
British Growth	5¼	64.30	65.95	70.15	-0.16	2.13
Technical Analysis	5¼	63.84	64.56	68.68	-0.16	1.29
UTAM Ltd (1300)F						
1 White Hart Yard, London Bridge, SE1 071-407 5966						
Advisors: Henderson Crosthwaite Ltd						
Friars Hse Cap	5½	205.3	205.3	218.4	-0.8	2.86
Friars Hse Inc	5½	172.1	172.1	183.0	-0.50	4.47
United Charities Unit Trusts (1000)H						
Balcorp Hse, 252 Romford Rd. E7 081-534 5544						
United Charities	5	194.3	196.1xd	209.2	-2.2	5.06
Wardley Unit Tst Mngrs Ltd (1300)H						
3 Harbour Exchange Sqr, London E14 9GJ 071-955 5055						
American	5¼	67.05	67.05xd	71.71	+0.96	1.5
Intl Growth	5¼	80.37	80.37xd	85.95	+0.25	0.8
Income	5¼	125.5	125.5	134.2	-0.50	6.2
Japan Growth	5¼	217.9	217.9	233.0	+2.60	–
Pacific Perf	5¼	136.9	136.9	146.4	+0.80	0.1

	Bid Price	Offer Price	+ or -	Yield Gross
Abbey Life Assurance Co Ltd – Contd.				
High Inc. Ser. 4	480.3	505.6	-3.1	–
Money Ser. 4	251.2	264.5	...	–
Intl Ser 4.	115.2	121.3	+0.7	–
Custodian Ser 4.	105.0	110.6	-0.5	–
Pension Funds				
Property	637.3	670.9		–
Equity	1179.0	1241.1	-10.3	–
Selective	383.5	403.7	-2.6	–
Managed	864.1	909.6	-4.0	–
Security	497.8	524.1	...	–
Fixed Int.	265.4	279.4	-1.0	–
Indexed	158.6	167.0	-1.7	–
American	270.2	284.5	+2.8	–
Japan	315.7	332.4	+2.2	–
European	190.7	200.8	+1.0	–
High Income	133.5	140.6	-0.9	–
Ethical	123.4	129.9	-0.1	–
International	209.9	221.0	+0.5	–
Aetna Life Assurance Ltd				
The Glanty, Egham, Surrey TW2 9AT 0784 475383				
Managed	176.2	185.5	----	–
World Growth	145.4	153.1	----	–
UK Equity	205.7	216.5	----	–
UK Small Companies	175.3	184.5	----	–
European	153.8	161.8	----	–
Far Eastern	304.3	320.3	----	–
Nth American	111.1	116.9	----	–
Fixed Interest	130.3	137.5	----	–
Index Linked Stks.	144.4	152.0	----	–
Money	128.8	135.5	----	–
Pen Managed	224.4	236.2	----	–
Pen World Growth	160.0	168.4	----	–
Pen UK Equity	292.4	307.7	----	–
Pen UK Small Cos.	221.1	232.7	----	–
Pen European	151.2	159.1	----	–
Pen Far Eastern	451.6	475.3	----	–
Pen Nth American	113.2	119.1	----	–
Pen Fixed Interest	158.1	166.4	----	–
Pen Index Lnkd Stks.	154.6	162.7	----	–
Pen Money	148.7	156.5	----	–
AEtna Life Insurance Co Ltd				
2-12 Pentonville Rd, London N1 9XD 0800 010575				
Life Funds (Accumulation Units)				
Squirrel	13.85	14.58	----	–
Bear	13.90	14.64	-0.14	–
Owl	16.78	17.67	-0.20	–
Bull	15.07	15.87	-0.03	–
Stag	15.31	16.12	+0.04	–
Gilt-Edged	12.15		-0.13	–
Deposit	12.43		+0.01	–
North American	10.16	10.70	-0.07	–
European	12.05	12.69	+0.06	–
Property	8.00	8.43	+0.07	–
Index Linked	10.98	11.56	-0.13	–
Far Eastern	11.52	12.13	+0.08	–
UK Equity	12.09	12.73	-0.15	–
Fixed Interest	10.79	11.36	-0.12	–
Gilt Edged (89)	9.59	10.10	-0.10	–
1982 Series				
UK Equity	264.43	278.36	-0.72	–
North American	198.53	208.98	-1.51	–

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or −	Yield Gross
Norwich Union Life Insurance Soc.—Contd.				
Pensionsvestor* & Unit-Linked Pens*				
Mixed Fund	405 5	426.8	−2.1	−
Ordinary Share Fund	604.3	636.1	−4.1	−
International Fund	167 7	176 5	−1.4	−
Property Fund	263 3	277.2	+0.4	−
Fixed Interest Fund	300.6	316.4	+3.1	−
Index-Linked Sec Fund	172.2	181.3	−0.4	−
Deposit Fund	227.1	239.1	+0.7	−
Norwich Units May 15	938.37		.....	−
*Prices as at June 19				
Jersey Investment Plan				
With Profits Fund	99.50	104.74	+0.04	−
Intl Equity Fund	94.27	99.23	+0.72	−
Intl Bond Fund	97.09	102.20	+0 61	−
Pearl Assurance (Unit Funds) Ltd				
Thorpe Wood, Peterborough PE3 6SA 0733 63212				
Prop. Dist. (Gross)	169.1	178.1	.....	−
Prop. Acc. (Gross)	289 4	304.7	.....	−
Equity (Gross)	820.8	864.0	−6.6	−
Managed (Gross)	572.3	602 5	−4.2	−
Prop. Acc. (Net)	134.7	141.8		−
Equity (Net)	189 2	199 1	−1.4	−
Managed (Net)	174.5	183.7	−1.2	−
International (Net)	167 2	176.0	+0.2	−
Gilt & Fxd Interest	105.7	111.3	−0 6	−
Money Fund	116 5	122.7	+0.1	−
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	577.6	608.1	−3.9	−
Ret Man (Series 2)	195.9	206.3	−1.3	−
Ret Man (Series 3)	130.6	130.6	−0 8	−
Ret Cash	156.3	164.5		−
Ret Cash (Series 3)	129 8	129 8	+0.1	−
Pegasus Assurance Ltd				
Broad Quay Bristol BS1 4DJ 0272 230271				
Life Funds				
Managed Aggressive	104 6	110 2	+0.3	−
Managed Balanced	98.3	103.5	−0.1	−
Managed Cautious	95 0	100.0	−0 4	−
Pension Funds				
Managed Aggressive	105 5	111 1	+0.3	−
Managed Balance	99 80	105.1	−0 2	−
Managed Cautious	96 0	101.1	−0 4	−
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd. N Waterloo, Liverpool 051-928 6655				
Managed Fund	325 7	342.9	.....	−
Mgr Pens Inc & Cap Fds.	435.3	458.3	.....	−
Money Fund	131.2	138.2	.....	−
Pens Mngd Fd (Unit)	116.5	122.7	.....	−
Pens Mngd Fd (Acc)	150 0	157 9	.....	−

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prudent				
Managed June 27	250.8	261.3	.....	−
Prudential Holborn Life Ltd				
30 Old Burlington St, London W1X 1LB 071-439 3134				
Holborn Series I Life Funds				
Managed	557.2	586 6	−0 8	−
Equity	1139.3	1199.3	−4.0	−
Fixed Interest	379.6	399.6	−2.3	−
Property	433.0	455 8	.....	−
Cash	288.1	303.3	.....	−
International	393 1	413.8	+1.9	−
Holborn Series II Life Funds				
Managed	544.7	573.4	−0 8	−
Equity	1110.9	1169.4	−3.8	−
International	384.4	404.7	+1.9	−
Fixed Intl.	368.7	388.2	−2.2	−
Property	420 8	443 0		−
Cash	280.3	295.1	+0.1	−
Pacific Basin	204 9	215.7	+0.4	−
North American	147 9	155.7	+1.9	−
European	193.0	203 2	+0.7	−
Holborn Balanced Gwth	115.0	121.1	−0.1	−
Holborn Strategic Gwth	115.2	121.3	−0.2	−
Prudential Holborn Pensions Ltd				
30 Old Burlington St, London W1X 1LB 071-439 3134				
Managed	582.6	613.3	−1 0	−
Equity	847.1	891.7	−5.1	−
Global Equity	244 4	257.3	+2.0	−
Fixed Interest	408.9	430.5	−1.6	−
Property	432.8	455.6		−
Cash	179.8	189.3		−
Index Linked Gilt	206 7	217.6	−1.8	−
Guaranteed	13 87		−0.25	−
International Money	210 9	222.0	+0.1	−
North American	74.2	78.2	+2.5	−
Japanese	122.9	129.4	−1.9	−
European	114.5	120.6	−2.3	−
Special Situations	119 7	126.0	−0.6	−
Communications	97.1	102.3	+0.3	−
Smaller Companies	107.3	113 0	−4.3	−
International Small Cos.	140.9	148.4	+0 7	−
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 071-548 3201				
Discretionary June 13	£168.0	173.16	+0.98	−
Equity June 13	£184.64	191.16	+2.32	−
International June 13	£28.96	29.62	−0.25	−
Intl Bond June 13	£11.78	11.93	−0.19	−
Fixed Int. June 13	£76.32	77 18	+0 87	−
Index Linked June 13	£66.73	66.55	+0.37	−

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

OFFSHORE INSURANCES

Albany International Assurance Ltd

CMI Insurance Co Ltd

Eagle Star Intl Financial Services

Equity & Law Intl Life Assce Co Ltd

Eurolife Assurance Group

Finsbury International Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

Manx Life Assurance Ltd

Providence Capital International Ltd

Royal Life Insurance Ltd

Scottish Mutual International

Skandia Life Insurance (Guernsey) Ltd

Sun Alliance International Life

Swiss Life (UK) PLC

Teachers' Assurance

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or −	Yield Gross
Stonehage Fund Mngrs Ltd				
Intl Man Fd	$10.98	11.04	+0.03	–
Strongfield Asset Mngmt (Guernsey) Ltd				
Tech and Comm.	£13.12	13.92	−0.57	–
Pacific Basin Fd.	598.34	104.46	....	–
Western European	$17.26	18.49	+0.37	–
The Thai-Euro Fund Ltd				
Lloyds Bank Fund Mngrs (Guernsey) Ltd				
NAV June 25		24.06		–
Tyndall International (Guernsey) Ltd				
Capital Defender	$1.26	1.34	....	–
Hi Yield Bond	64.2	67.5	....	–
Internat. Spec. Sits.	46.1	48.5	+0.1	–
Worldwide Fd.	87.1	91.6	+0.2	–
U.S. Treasury Securities Fund Ltd				
Short Term Shares		$712.89	...	–
Fixed Income Shares		$829.30	...	–
Wellington Fd Mngrs (Guernsey) Ltd				
Inval Growth Fd.	$13.61	14.29	...	–
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Multi Growth		$12.12	....	–
Yamaichi ISS Fund		$8.55	−0.08	–
Yamaichi CB Plus Fund		$9.01	−0.01	–
Thai Inv Fund		$13.94	+0.44	–

IRELAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
AIG Fund Management Ltd "MI Trusts"						
MI Global Dollar		$–	1.01	1.08	..	–

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mngrs (1600)H

[illegible]

	Bid Price	Offer Price	+ or −	Yield Gross
Barclays Intl Funds				
Currency Funds				
Sterling	£18.131		+0.02	13.7
US Dollar	$29.06			6.7
Deutschemark	DM49.83		+0.01	6.7
Yen	Y3,717		...	5.7
Managed Multicurrency	£12.24	12.68	−0.08	–
Managed Multi-currency	$23.72	24.57	+0.01	–
Bond Funds				
Sterling Bond	£0.385	0.400	−0.001	12.3
US Government Income	$95.34	98.74	+0.33	8.3
Brown Shipley Fund Mgmt (CI) Ltd				
Sterling Bd(Daily)	£8.92	9.23	−0.03	10.83
Sterling Cap (Daily)	£32.01	32.03	+0.01	–
Intl. Bond (Daily)	$14.80	15.79	−0.06	8.17
Int Currency (Wed)	£1.44	1.53	...	7.84
Cater Allen Investment Management (CI)				
CA Gilt Income	£6.84	7.16	...	16.76
CA Gilt & Futures	962.00	1011.00	−5.00	7.91
CA Equity Gwth(2-1)	£4.72	5.11	.	3.91
Citibank (CI) Ltd "Citifunds"				
Liquidity Funds				
Deutschmark	DM26.889		+0.005	–
Yen	Y2718 545		+0.485	–
Sterling	£10 252		+0.004	–
US Dollar	$16 623		+0 004	–
Managed	$16 175		+0 003	–
Short term Investment Funds				
Irish £ June 28	98 439		+0 192	–
Equity Funds				
Global Equity	$17 161		+0 118	–
Japan Equity June 28	$10.696		+0.004	–
European Equity June 25	$16 211		[illegible]	–
US Em Hlth June 25	$12 893		+0.121	–
US Spec Sits June 25	$15.001		+0.023	–
US Em Tech June 25	$14 392		−0.459	–
Citicare June 25	$19.723		[illegible]	–
Bond Funds				
Global Bond	$13 258		+0.054	–
GNMA Bond June 25	$12 137	12.151	−0.030	–

Warburg Asset Management Jersey Ltd – Contd.

Mercury International Inv Tst Ltd

Contl Europe Fd. | Nth America Fd. | Japan Fd. | Pacific Fd | Reserve Fd. [prices illegible]

Wardley Fund Managers (Jersey) Ltd

Wardley Japan Trust | Wardley Gilt Fund | Wardley Priv Cap Tst | Wardley Int. Equity Tst | Wardley Bond Tst [prices illegible]

Wardley Funds Limited

Managed Currency Fd

Worldinvest (Managers) Jersey Ltd

Worldinvest Inc Fd | Excalibur Global Eqty | Excalibur Global Eqty | Excalibur Global Fxd Inc [prices illegible]

Valued weekly * Mondays † Wednesdays

LUXEMBOURG (SIB RECOGNISED)

Abbey Global Investment Fund

41 Ave de la Gare, L-1611, Luxembourg

[illegible]

LUXEMBOURG (REGULATED)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)

[illegible]

JERSEY (REGULATED)

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Higher market rates help yen

THE JAPANESE yen recovered yesterday from the lows struck earlier in the week as higher money market rates led to speculation that a hike in its official discount rate is imminent. The D-Mark was broadly firmer, while sterling recovered from early losses.

The yen began to move higher in early European trading as speculation by bond dealers that rates could be raised filtered into the currency market. The advance came as many investors took profits by selling D-Marks for yen. Dealers said the liquidation of marks had been heavy and followed a strong rise in the D-Mark against the yen over the last week.

The signal for talk that rates could rise appeared to be an increase in Japanese money market rates as the Bank of Japan tightening policy. Overnight money rose to 7⅞-7¾ per cent from 7$\frac{11}{16}$-7$\frac{13}{16}$.

Mr Mark Cliffe of the Nomura Research Institute said an immediate rise in interest rates was unlikely, particularly with the policy-setting US Federal Open Market Committee meeting next week and the impact of German monetary union still to become clear. But he added that money market rates could rise further, given the strong growth in Japan's money supply and the Bank of Japan's desire not to see any weakness in the yen.

The yen was also helped by the agreement between Japan and the US on the Structural Impediments Initiative. But many analysts said Japan's agreement to increase public spending was unlikely to have any immediate impact on Japanese interest rates. The D-Mark fell to Y91.67 from Y92.76.

The D-Mark was strong against the European Monetary System currencies as traders squared their books before German monetary union begins on Sunday. Predicting the impact of union on monetary policy and on the D-Mark proved too much for even the most speculative traders and most were content to cover short positions. The Bundesbank has helped call money rates strengthen this week and that also underpinned the D-Mark.

Sterling recovered from an early bout of profit-taking as the UK's high interest rates continued to underpin it, particularly against European currencies. It closed higher at DM2.9025 from DM2.9000; at SFr2.4575 from SFr2.4525; at FFr9.7450 from FFr9.7400; but fell to $1.7395 from $1.7425; and to Y266.50 from Y269.00. Sterling's exchange rate index calculated by the Bank of England was unchanged at 91.3.

The US dollar was mixed in quiet technical trading with no major movement expected before the FOMC meeting next week and June non-farm payroll figures on July 6. The dollar closed firmer at DM1.6680 from DM1.6640; at SFr1.4130 from SFr1.4075; at FFr5.6025 from FFr5.5900; but fell to Y153.20 from Y154.40. The dollar's index was 0.1 point lower at 67.0.

EURO-CURRENCY INTEREST RATES

Jun 28	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15¼-15⅛	15-14⅞	14⅞-14¾	14⅞-14⅞	14⅞-14¾	14⅞-14⅝
US Dollar	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8¼-8⅛	8⅜-8¼	8⅝-8½
Can Dollar	13⅝-13¼	13⅝-13⅛	13½-13⅜	13⅛-13⅛	13⅞-13⅝	13⅞-12⅞
D Guilder	8-7½	7⅞-7¾	8⅛-7⅞	8⅛-8⅛	8⅜-8¼	8⅝-8½
Sw. Franc	9⅛-9	9⅛-9	9-8⅞	9-8⅞	8⅞-8¾	8⅞-8¾
Deutschmark	8⅛-7⅞	8⅛-8	8⅛-8	8⅛-8⅛	8⅝-8⅜	8⅞-8¾
Fr Franc	10⅛-10⅛	10⅛-10⅛	10-9⅞	10⅛-10⅛	10¼-10⅛	10⅜-10¼
Italian Lira	13-11	10½-9½	10⅞-10½	11⅛-10⅞	11⅛-11	11⅜-11⅛
Belgian Franc	9⅝-9½	9⅝-9½	9⅝-9½	9⅝-9½	9⅝-9½	9⅝-9½
Yen	7⅛-7½	7⅛-7⅝	7⅞-7⅝	7⅞-7¾	7⅞-7¾	7⅞-7¾
D.Krone	10⅛-10⅛	10⅛-10⅛	10⅛-10½	10⅛-10⅛	10⅛-10⅛	10⅛-10⅛
Asian $Sing	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛

Long term Eurodollars: two years 8$\frac{13}{16}$-8$\frac{11}{16}$ per cent; three years 9-8⅞ per cent; four years 9⅛-9 per cent; five years 9¼-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

£ IN NEW YORK

June 28	Latest	Previous Close
£ Spot	1.7390-1.7400	1.7415-1.7425
1 month	0.96-0.95pm	0.99-0.98pm
3 months	2.74-2.72pm	2.72-2.70pm
12 months	9.22-9.15pm	9.14-9.07pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	June 28	Previous
8.30 am	91.1	91.3
9.00 am	90.9	91.3
10.00 am	91.0	91.6
11.00 am	91.0	91.4
Noon	91.1	91.4
1.00 pm	91.1	91.4
2.00 pm	91.1	91.3
3.00 pm	91.3	91.3
4.00 pm	91.3	91.3

CURRENCY RATES

June 28	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	0.759213	0.712066
U.S Dollar	7	1.32384	1.23629
Canadian $	13.50	1.54969	1.44807
Austrian Sch	6½	15.4995	14.5004
Belgian Franc	10½	45.2489	42.3584
Danish Krone	10½	8.38785	7.85044
Deutsche Mark	6.00	2.20234	2.06089
Neth Guilder	7.00	2.48088	2.33076
French Franc	10¼	7.39431	6.92446
Italian Lira	13½	1613.96	1514.45
Japanese Yen	5¼	204.202	190.080
Norway Krone	8	8.47522	7.93698
Spanish Peseta	-	N/A	126.720
Swedish Krona	11	7.98276	7.47361
Swiss Franc	6.00	1.86066	1.74750
Greek Drach.	20½	215.459	201.562
Irish Punt	-	0.822473	0.768789

† European Commission Calculations.
* All SDR rates are for June 27

CURRENCY MOVEMENTS

June 28	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.3	-20.8
U S Dollar	67.0	-11.2
Canadian Dollar	103.6	+0.9
Austrian Schilling	107.5	+11.5
Belgian Franc	111.3	-2.2
Danish Krone	110.3	+4.7
Deutsche Mark	118.1	+24.0
Swiss Franc	113.8	+22.4
Guilder	114.1	+15.8
French Franc	104.3	-12.3
Lira	101.0	-18.3
Yen	120.5	+47.9

Morgan Guaranty changes, average 1980-1982=100. Bank of England Index (Base Average 1985=100) ** Rates are for June 27.

OTHER CURRENCIES

June 28	£	$
Argentina	9682.60-9722.45	4990.00-5010.00
Australia	2.2160-2.2180	1.2740-1.2750
Brazil	95.7000-95.8000	55.0000-55.6000
Finland	6.8115-6.8245	3.9220-3.9250
Greece	280.05-284.55	161.35-164.00
Hong Kong	13.5320-13.5455	7.7875-7.7895
Iran	121.00*	69.50*
Korea(Sth)	1259.20-1259.20	713.70-719.30
Kuwait	0.50200-0.50950	0.29260-0.29310
Luxembourg	59.35-59.45	34.10-34.20
Malaysia	4.7070-4.7150	2.7095-2.7115
Mexico	4974.65-4979.20	2859.00-2860.00
N. Zealand	2.9545-2.9610	1.7020-1.7040
Saudi Ar.	6.5110-6.5170	3.7495-3.7505
Singapore	3.1940-3.2015	1.8390-1.8410
S. Af (Cm)	4.6105-4.6225	2.6536-2.6550
S. Af (Fn)	7.0175-7.1600	4.0320-4.1150
Taiwan	47.30-47.50	27.25-27.30
U.A.E.	6.3755-6.3850	3.6715-3.6735

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

June 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7330-1.7415	1.7390-1.7400	0.96-0.94cpm	6.55	2.75-2.72pm	6.29
Canada	2.0300-2.0400	2.0355-2.0365	0.27-0.19cpm	1.36	0.67-0.55pm	1.20
Netherlands	3.24½-3.27¼	3.26¼-3.27¼	1½-1¼cpm	4.66	5¼-5pm	6.27
Belgium	59.20-59.70	59.35-59.45	30-25cpm	5.56	86-72pm	5.32
Denmark	10.99-11.05¼	11.03-11.05	4½-4orepm	4.62	12¼-11½pm	4.35
Ireland	1.0715-1.0870	1.0820-1.0830	0.45-0.40cpm	4.71	1.25-1.15pm	4.43
W. Germany	2.88¼-2.90½	2.90-2.90½	1⅛-1⅛pfpm	6.98	4⅝-4½pm	6.29
Portugal	253.30-255.90	254.90-255.90	63-36cpm	2.09	30-60dis	-0.01
Spain	177.40-178.50	177.80-178.10	6-3cpm	0.30	9-4pm	0.15
Italy	2117¼-2130¼	2129¼-2130¼	7¾-6¼lirepm	4.12	20½-18¼pm	3.69
Norway	11.12¼-11.18¼	11.15-11.16	4-3¼orepm	4.24	10¼-9½pm	3.56
France	9.69¼-9.75	9.74-9.75	4¼-3¾cpm	4.93	11⅜-11pm	4.59
Sweden	10.47¼-10.53	10.50¼-10.51¼	2⅞-2¼orepm	3.07	7¼-6¼pm	2.55
Japan	266-268¼	266-267	1¾-1⅝ypm	7.60	4¾-4½pm	7.00
Austria	20.30-20.42	20.36-20.39	10⅞-9⅞gropm	6.07	31½-29½pm	5.96
Switzerland	2.44½-2.46¼	2.45¼-2.46¼	1⅛-1⅛cpm	5.80	3⅝-3½pm	5.80
ECU	1.4020-1.4075	1.4060-1.4070	0.60-0.57cpm	4.99	1.60-1.55pm	4.48

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.25-5.21cpm 12 month 9.25-9.15cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

June 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7330-1.7415	1.7390-1.7400	0.96-0.94cpm	6.55	2.75-2.72pm	6.29
Ireland†	1.6060-1.6125	1.6080-1.6090	0.26-0.21cpm	1.75	0.73-0.63pm	1.69
Canada	1.1690-1.1715	1.1695-1.1705	0.50-0.53cdis	-5.28	1.49-1.54dis	-5.18
Netherlands	1.8710-1.8790	1.8780-1.8790	0.05-0.03cpm	0.26	0.03pm-0.03dis	0.01
Belgium	34.10-34.30	34.10-34.20	2.00-4.00cdis	-1.05	5.00-12.00dis	-1.00
Denmark	6.32¼-6.35¼	6.34¼-6.35¼	0.95-1.15oredis	-1.98	2.85-3.35dis	-1.95
W. Germany	1.6610-1.6695	1.6675-1.6685	0.05-0.03pfpm	0.25	0.06-0.01pm	0.08
Portugal	146.35-146.80	146.35-146.45	45-65cdis	-4.51	200-250dis	-6.15
Spain	102.30-102.55	102.45-102.55	52-59cdis	-6.50	154-170dis	-6.32
Italy	1219¾-1229½	1224¼-1224¾	2.30-2.80liredis	-2.50	7.80-8.50dis	-2.66
Norway	6.40¼-6.42¼	6.41¼-6.41¾	1.30-1.55oredis	-2.67	4.25-4.65dis	-2.77
France	5.58½-5.60¼	5.60-5.60½	0.75-0.80cdis	-1.66	2.38-2.48dis	-1.73
Sweden	6.02¼-6.05	6.03¼-6.04¼	1.74-1.89oredis	-3.61	5.60-5.95dis	-3.82
Japan	152.85-154.45	153.15-153.25	0.13-0.11ypm	0.94	0.31-0.26pm	0.77
Austria	11.68¼-11.73	11.71¼-11.72	0.15-0.55grodis	-0.36	0.40-1.50dis	-0.32
Switzerland	1.4070-1.4145	1.4125-1.4135	0.07-0.09cdis	-0.68	0.17-0.24dis	-0.58
ECU	1.2360-1.2405	1.2370-1.2380	0.18-0.17cpm	1.70	0.60-0.58pm	1.91

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.3584	+0.45	+0.28	±1.5508
Danish Krone	7.79845	7.85044	+0.67	+0.50	±1.6453
German D-Mark	2.04446	2.06089	+0.80	+0.63	±1.1762
French Franc	6.85684	6.92446	+0.99	+0.82	±1.3618
Dutch Guilder	2.30358	2.33076	+1.18	+0.58	±1.5272
Irish Punt	0.763159	0.768789	+0.74	+0.57	±1.6689
Italian Lira	1529.70	1514.45	-1.00	-1.17	±1.5162
Spanish Peseta	132.889	126.720	-4.64	-4.81	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 28	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.740	2.903	266.5	9.745	2.458	3.268	2130	2.036	59.40
$	0.575	1	1.668	153.2	5.601	1.413	1.878	1224	1.170	34.14
DM	0.344	0.599	1	91.80	3.357	0.847	1.126	733.7	0.701	20.46
YEN	3.752	6.529	10.89	1000	36.57	9.223	12.26	7992	7.640	222.9
F Fr.	1.026	1.786	2.979	273.5	10.	2.522	3.354	2186	2.089	60.95
S Fr	0.407	0.708	1.181	108.4	3.965	1	1.330	866.6	0.828	24.17
H Fl	0.306	0.532	0.888	81.55	2.982	0.752	1	651.8	0.623	18.18
Lira	0.469	0.817	1.363	125.1	4.575	1.154	1.534	1000	0.956	27.89
C $	0.491	0.855	1.426	130.9	4.786	1.207	1.605	1046	1	29.17
B Fr	1.684	2.929	4.887	448.7	16.41	4.138	5.502	3586	3.428	100

Yen per 1,000. French Fr per 10. Lira per 1,000. Belgian Fr per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
82	4-09	5-17	0-27	0-57
83	3-21	4-35	0-39	1-11
84	2-39	3-56	0-57	1-32
85	1-63	3-18	1-17	1-58
86	1-31	2-47	1-49	2-23
87	1-04	2-16	2-22	2-56
88	0-48	1-54	3-02	3-30
89	0-33	1-31	3-51	4-07

Estimated volume total, Calls 3704 Puts 2933
Previous day's open int. Calls 15073 Puts 11818

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
90	4-03	4-11	0-19	0-47
91	3-12	3-30	0-28	1-02
92	2-27	2-53	0-43	1-25
93	1-45	2-17	0-61	1-53
94	1-10	1-50	1-26	2-22
95	0-47	1-24	1-63	2-60
96	0-29	1-02	2-45	3-38
97	0-17	0-49	3-33	4-21

Estimated volume total, Calls 110 Puts 0
Previous day's open int. Calls 1467 Puts 1279

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
8150	2.01	2.42	0.45	1.02
8200	1.65	2.12	0.59	1.22
8250	1.33	1.85	0.77	1.45
8300	1.05	1.60	0.99	1.70
8350	0.83	1.37	1.27	1.97
8400	0.63	1.16	1.57	2.26
8450	0.47	0.98	1.91	2.58
8500	0.36	0.82	2.29	2.92

Estimated volume total, Calls 2437 Puts 1362
Previous day's open int. Calls 30880 Puts 27164

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9075	0.85	0.72	0.03	0.13
9100	0.62	0.54	0.05	0.20
9125	0.40	0.37	0.08	0.28
9150	0.22	0.25	0.15	0.41
9175	0.11	0.16	0.29	0.57
9200	0.04	0.09	0.47	0.75
9225	0.02	0.05	0.70	0.96
9250	0	0.03	0.93	1.19

Estimated volume total, Calls 0 Puts 1880
Previous day's open int. Calls 8525 Puts 9830

LIFFE EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9100	0.79	0.88	0.01	0.06
9125	0.56	0.60	0.03	0.11
9150	0.36	0.43	0.08	0.19
9175	0.19	0.28	0.16	0.29
9200	0.08	0.17	0.30	0.43
9225	0.03	0.10	0.50	0.61
9250	0.01	0.05	0.73	0.81
9275	0	0.02	0.97	1.03

Estimated volume total, Calls 20 Puts 20
Previous day's open int. Calls 3445 Puts 1180

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
8450	0.94	1.75	0.03	0.04
8475	0.72	1.52	0.06	0.06
8500	0.50	1.30	0.09	0.09
8525	0.33	1.10	0.17	0.14
8550	0.21	0.89	0.30	0.18
8575	0.13	0.71	0.47	0.25
8600	0.07	0.55	0.66	0.34
8625	0.04	0.41	0.88	0.45

Estimated volume total, Calls 1705 Puts 1606
Previous day's open int. Calls 50084 Puts 46286

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sep	85-23	86-00	85-02	85-21
Dec	86-12			86-12
Mar				

Estimated volume 24782 (27041)
Previous day's open int. 37466 (35678)

US TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sep	93-24	93-29	93-17	93-07
Dec	93-14			92-31
Mar	93-08			[illegible]

Estimated volume 3171 (2318)
Previous day's open int. 6193 (6017)

6% NOTIONAL GERMAN GOVT. BOND
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Sep	83.06	83.29	82.71	82.84
Dec	82.90	83.04	82.66	82.66

Estimated volume 33965 (44763)
Previous day's open int. 59661 (62300)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Sep	94.60	94.60	94.45	94.71
Dec	94.90	-	-	95.01

Estimated volume 256 (101)
Previous day's open int. 797 (809)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sep	85.41	85.43	85.37	85.41
Dec	86.21	86.23	86.14	86.21
Mar	86.98	86.99	86.91	86.97
Jun	87.48	87.49	87.40	87.49
Sep	87.84	87.87	87.82	87.89
Dec	88.06	88.09	88.04	88.11
Mar	88.05	88.10	88.04	88.20
Jun	87.97	87.94	87.92	87.96
Sep	87.97			87.96
Dec	88.07	88.10	88.05	87.98
Mar	88.07	88.10	88.10	87.98
Jun	88.07			88.00

Est. Vol. (inc. figs. not shown) 21641 (23161)
Previous day's open int. 168444 (165987)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sep	91.78	91.79	91.74	91.73
Dec	91.74	91.75	91.71	91.67
Mar	91.69	91.69	91.66	91.62
Jun	91.51	91.51	91.50	91.43
Sep	91.37	91.36	91.36	91.29
Dec	91.21	91.18	91.18	91.13
Mar	91.17	91.14	91.14	91.09
Jun	91.07			90.99

Est. Vol. (inc. figs. not shown) 5566 (3333)
Previous day's open int. 29275 (29162)

THREE MONTH EUROMARK
DM 1m points of 100%

	Close	High	Low	Prev.
Sep	91.57	91.58	91.49	91.53
Dec	91.34	91.36	91.24	91.28
Mar	91.25	91.26	91.18	91.19
Jun	91.22	91.23	91.10	91.16
Sep	91.22			91.16
Dec	91.22			91.18
Mar	91.22			91.18
Jun	91.22			91.18

Estimated volume 18662 (15636)
Previous day's open int. 63821 (63281)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Sep	89.61	89.70	89.58	89.72
Dec	89.59	89.68	89.59	89.69
Mar	89.62	89.62	89.62	89.80
Jun				

Estimated volume 174 (298)
Previous day's open int. 2623 (2463)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Jun	2357.0	2384.0	2357.0	2376.0
Sep	2422.0	2439.0	2420.0	2439.0
Dec	2475.0	2487.0	2487.0	2493.5

Estimated volume 6129 (6592)
Previous day's open int. 30008 (30018)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7395	1.7300	1.7122	1.6872	1.6475

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.7150	1.7158	1.7120	1.7186
Dec	1.6698	1.6698	1.6874	1.6934
Mar	1.6680	1.6680	1.6680	1.6720

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sep	93-22	93-30	93-16	93-15
Dec	93-14	93-22	93-07	93-05
Mar	93-08	93-08	92-31	92-29
Jun	92-30	92-30	92-30	92-21
Sep	92-24	92-24	92-24	92-14
Dec	-	-	-	92-08
Mar	-	-	-	92-02
Jun	-	-	-	91-29
Sep	-	-	-	91-24
Jun	-	-	-	-

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Jun	92.48	92.49	92.47	92.29
Sep	92.51	92.51	92.50	92.44
Dec	92.40	92.48	92.46	92.46
Mar	-	-	-	92.41
Jun	-	-	-	92.23

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.7072	0.7073	0.7062	0.7087
Dec	0.7072	0.7072	0.7059	0.7085
Mar	-	-	0.7066	0.7090
Jun	-	-	-	-

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Jul	Calls Aug	Calls Sep	Calls Dec	Puts Jul	Puts Aug	Puts Sep	Puts Dec
1.650	8.40	8.50	8.60	8.90	-	0.11	0.72	2.55
1.675	6.00	6.00	6.11	6.44	0.06	0.43	1.33	3.55
1.700	3.50	3.77	4.09	4.72	0.15	1.03	2.13	4.77
1.725	1.62	2.15	2.58	3.60	0.78	2.05	3.36	6.22
1.750	0.45	1.07	1.65	2.39	2.12	3.48	4.93	7.86
1.775	0.06	0.46	0.93	1.73	4.21	5.40	6.78	9.66
1.800	-	-	-	-	-	-	-	-

Previous day's open int: Calls 279,494 Puts 284,413 (All currencies)
Previous day's volume: Calls 18,866 Puts 18,994 (All currencies)

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Close	Change	High	Low	Yield	Open int.
September	101.86	102.16	+0.08	102.36	101.84	9.62	54,749
December	101.90	102.18	+0.08	102.36	101.90	9.61	7,100
March	101.90	101.90	-0.20	101.90	101.90	9.61	1,475
June	-	-	-	-	-	-	-

Estimated volume 70,308 Total Open Interest 63,324

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls Sept.	Calls Dec.	Calls March	Puts Sept.	Puts Dec.	Puts March
100	-	-	-	0.25	0.62	-
101	-	-	-	0.45	0.88	-
102	0.94	1.44	-	0.82	1.29	-
103	0.53	0.98	-	-	1.74	-
104	0.26	0.69	0.99	-	-	-
105	0.11	0.40	-	-	-	-
Open int	104,248	20,058	2,092	81,602	17,985	4,750

Estimated volume 16,404 Total Open Interest 230,733

THREE-MONTH PIBOR FUTURES (MATIF) (Paris Interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
September	90.00	90.03	-	90.07	89.99	9.97	12,629
December	89.99	90.00	-0.01	90.03	89.97	10.00	4,321
March	89.99	90.03	+0.02	90.03	89.99	10.00	1,154
June	90.03	90.03	+0.03	90.03	90.03	10.01	60

Estimated volume 5,693 Total Open Interest 18,164

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open int.
June	2032.0	2039.0	+5.0	2048.5	2027.0	3,059
July	2029.0	2032.0	+1.0	2044.5	2024.0	4,450
August	2040.0	2055.0	+15.0	2055.0	2040.0	303
September	-	-	-	-	-	10

Estimated volume 6,142 Total Open Interest 7,821

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sep	0.6520	0.6521	0.6510	0.6491
Dec	0.6522	0.6530	0.6522	0.6503
Mar	-	-	-	0.6517

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sep	0.6002	0.6006	0.5997	0.6016
Dec	0.6001	0.6004	0.5996	0.6012
Mar	-	-	-	0.6006

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	91.78	91.79	91.77	91.74
Dec	91.73	91.74	91.73	91.69
Mar	91.68	91.69	91.67	91.63
Jun	91.50	91.51	91.47	91.45
Sep	91.35	91.35	91.34	91.31
Dec	91.20	91.21	91.19	91.16
Mar	91.15	91.16	91.14	91.11
Jun	91.05	91.06	91.05	91.01

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sep	360.10	360.30	359.70	359.14
Dec	364.50	364.90	364.20	363.95
Mar	-	368.50	-	367.90

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe Guarantee	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc	16½	● Smith & Williamson Secs	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk	15	Westpac Bank Corp	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15½
Brit Bk of Mid East	15	C. Hoare & Co	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shanghai	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk of London Plc	15	Mount Banking	15		
Co-operative Bank	*16	Nat Bk of Kuwait	15		

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MONEY MARKETS

UK rates firm

UK short-dated money market rates firmed yesterday as sterling eased on profit-taking during the first half of the session. The key three-month interbank rate closed up $\frac{1}{16}$ point at 14$\frac{15}{16}$-14$\frac{13}{16}$ per cent.

Sterling's early losses pushed three months money up to 15 per cent, while September short sterling was off 2 points at 85.37. But the pound eventually recovered, particularly against the D-Mark, allowing the futures market to retrace its early losses and the money market to move off its highs. The expectation of a large shortage in the money market today also underpinned rates, although dealers said there was sufficient liquidity to avoid any sharp change.

UK clearing bank base lending rate
15 per cent
from October 5

The Bank of England provided total assistance to the market of £322m compared with a forecast shortage of £350m. This left a shortage of £28m, the smallest level of underfunding so far this week. One senior money dealer said the Bank had been "slightly generous" by providing most of the day's assistance early in the afternoon rather than leaving it until later. On Wednesday all of its help was given late in the afternoon.

The Bank began by forecasting a £350m shortage, of which bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills were estimated to drain £661m, a rise in the note circulation £90m and bankers balances below target £45m. This was partly offset by a £450m rise in Exchequer transactions.

The only assistance came during the afternoon when the Bank bought, in band 1 at 14⅞ per cent, £1m of Treasury bills and £261m of bank bills. In band 2 at 14¾ per cent it bought £35m of bank bills. Finally, late assistance of £25m was provided.

In Frankfurt call money rates rose to 8.00-8.05 per cent from 7.95-8.00 as banks sought additional funds for end of the month reserve requirements. The Bundesbank also kept credit short to pre-empt any rise in liquidity resulting from German monetary union next week.

In New York the Federal Reserve added $2bn to the banking system using overnight customer repurchase agreements. Fed watchers had expected it to add liquidity to offset seasonal tightness. Federal Funds were trading unchanged at 8$\frac{5}{16}$ per cent at the time of the Fed's operations.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 28) 3 months US dollars		6 months US Dollars	
bid 8⅛	offer 8¼	bid 8⅛	offer 8¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

(Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10	One month	7.66	Three year	8.37
Broker loan rate	9½	Two month	7.49	Four year	8.42
Fed funds	8$\frac{5}{16}$	Three month	8.01	Five year	8.40
Fed.funds at intervention	8$\frac{5}{16}$	Six month	8.07	Seven year	8.51
		One year	8.09	10-year	8.47
		Two year	8.31	30-year	8.46

June 28	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.90-8.00	7.90-7.95	8.00-8.15	8.15-8.30	8.35-8.50	8.00
Paris	9⅝-9⅞	9⅝-9⅞	9⅝-9⅞	9⅞-10⅛	10⅛-10⅜	9.50
Zurich	8⅞-8⅝	8⅞-9	-	8⅞-9	-	-
Amsterdam	7.25-7.38	7.95-8.05	-	8.25-8.35	-	-
Tokyo	7⅛-7⅞	7⅞-7⅛	-	7⅛-7⅞	-	-
Milan	11½-11½	10⅞-11⅛	-	11-11½	-	-
Brussels	9.20	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	10⅝-10½	10⅞-10⅞	10⅝-10½	10⅝-10½	10⅝-10½	-

LONDON MONEY RATES

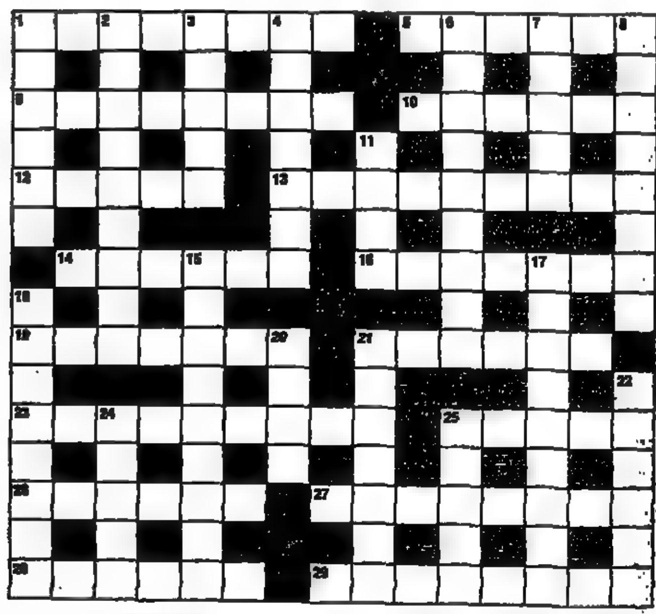
Jun 28	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	15	15	15	15	14⅞
Interbank Bid	13	14¾	14¾	14¾	14¾	14¾
Sterling CDs	-	-	14⅞	14⅞	14¾	14⅞
Local Authority Deps.	14¾	14⅞	14¾	14⅞	14¾	14¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15	14¾	14¾	14½	-	-
Company Deposits	-	-	14⅞	14⅞	14⅞	14⅞
Finance House Deposits	-	-	14⅞	15	14⅞	14⅞
Treasury Bills (Buy)	-	-	14¾	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14¾	13¾	-
Fine Trade Bills (Buy)	-	-	15⅜	15	14½	-
Dollar CDs	-	-	8.28	8.30	8.33	8.50
SDR Linked Dep Offer	-	-	8⅞	9	9⅛	9⅜
SDR Linked Dep. Bid	-	-	8⅝	8⅞	9⅛	9⅛
ECU Linked Dep. Offer	-	-	9⅞	10⅛	10⅛	10⅝
ECU Linked Dep. Bid	-	-	9⅝	10⅛	10⅛	10½

Treasury Bills (sell): one-month 14$\frac{13}{16}$ per cent; three months 14$\frac{13}{16}$ per cent; Bank Bills (sell): one-month 14¾ per cent, three months 14$\frac{13}{16}$ per cent; Treasury Bills; Average tender rate of discount 14.3152 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 29, 1990. Agreed rates for period July 25, 1990 to August 25, 1990, Scheme I: 15.84 p.c., Schemes II & III: 16.25 p.c. Reference rate for period June 1, 1990 to June 29, 1990. Scheme IV&V: 15.025 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from June 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9, 1989. Deposits withdrawn for cash 5 per cent.

JOTTER PAD

CROSSWORD

No.7,276 Set by VIXEN



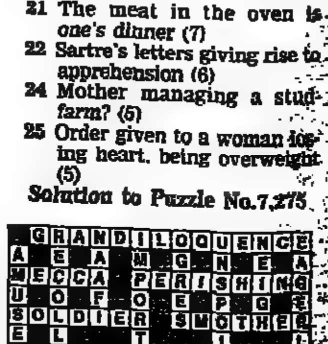
ACROSS

1 Wild duck – a beautiful pink bird (8)
5 A guy who will bear anything for a drink (6)
9 Open a note found in foreign gun case (8)
10 Take down the tent and move off (6)
12 Implied a beast backed it (5)
13 The more distinguished *man in communication?* (9)
14 A carrier of young (6)
16 Beer put outside an office for a messenger (7)
19 *Bore cut short by* "X", a little twister (7)
21 Figure a retiring girl is subordinate (6)
23 Denouncing the mother country (9)
25 Gold-plated article? That's different (5)
26 Travellers no longer provide him with stable employment (6)
27 Labs seem resolved to get together (8)
28 Having a holy man about the ship can cause strain (6)
29 Proceeds when attention is shown (8)

DOWN

1 Defects apparent in new flats with posh interior (6)
2 Love may be seen as a pathological condition! (9)
3 Popular place to make an entry (5)
4 He doesn't know some of his colleagues seriously doubt his ability (7)
6 Workers getting exceptionally poor rates (9)
7 The path will be put right in the end (5)
8 Left in the long grass, so it's said (8)
11 An artistic man after silver in India (4)
15 Warns of the rate varying a couple of points (9)
17 Every one included in the list may be given instruction (9)
18 Keen to learn where people draw American following (8)
20 The joint needs cash – ring in (4)
21 The meat in the oven is one's dinner (7)
22 Sartre's letters giving rise to apprehension (6)
24 Mother managing a stud farm? (5)
25 Order given to a woman losing heart, being overweight (5)

Solution to Puzzle No.7,275


GRANDILOQUENCE
A E A M G N E A
MECCA PERISHING
U O F O E P G E
SOLDIER SMOTHER
E L T I L
DREAM ARTILLERY
C A N A E S
ARTHRITIS DEPOT
R K T E T
BIGHEAD ENTERED
I A T R L A A I
TERMINATE CANOE
E B N I S T S
REORGANISATION

WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

FRANCE (continued)
[illegible]

GERMANY
[illegible]

GERMANY (continued)
[illegible]

ITALY
[illegible]

ITALY (continued)
[illegible]

NETHERLANDS
[illegible]

NORWAY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWITZERLAND
[illegible]

SOUTH AFRICA
[illegible]

CANADA

TORONTO
2pm prices June 28

[illegible]

JAPAN
[illegible]

AUSTRALIA
[illegible]

AUSTRALIA (continued)
[illegible]

HONG KONG
[illegible]

MALAYSIA
[illegible]

SINGAPORE
[illegible]

INDICES

NEW YORK

DOW JONES	June 27	June 26	June 25	June 22	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Industrials	2882.13	2842.33	2845.05	2857.18	2935.89 (15/6)	2543.24 (30/1)	2935.89 (15/6/90)	41.22 (2/7/32)
Home Bonds	90.79	90.69	90.72	90.91	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1140.88	1135.77	1147.81	1164.23	1212.77 (6/6)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.63	206.93	206.87	208.19	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

(Day's High 2878.96 (2882.92) Low 2821.53 (2832.67)

STANDARD AND POOR'S	June 27	June 26	June 25	June 22	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	355.14	352.06	352.31	355.43	367.40 (4/6)	322.98 (30/1)	367.40 (4/6/90)	4.40 (1/6/32)
Industrials	416.89	413.35	413.73	417.21	428.34 (4/6)	371.92 (30/1)	428.34 (4/6/90)	3.62 (21/6/32)
Financial	28.66	28.47	28.52	28.88	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	193.87	192.47	192.60	194.24	200.21 (4/6)	178.43 (30/1)	200.21 (4/6/90)	4.46 (25/4/42)
Amex Mkt. Value	357.05	356.80	357.39	359.28	382.45 (5/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	456.89	455.38	[illegible]	459.33	468.86 (13/6)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	June 22	June15	June 8	year ago (approx.)
Dow Industrial Div. Yield	3.77	3.67	3.71	3.57

	June 20	June13	June 6	year ago (approx.)
S & P Industrial div. yield	2.93	2.90	2.91	3.17
S & P Indl. P/E ratio	16.87	17.07	17.01	12.91

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Am T & T	1,927,800	39⅛	- 2⅛
Philip Morris	1,977,900	46⅛	- ⅛
Caterpillar	1,460,800	52⅛	- ⅛
Dow Chemicals	1,446,800	57	- ⅛
Bristol Myers	1,265,800	63⅛	+ 1⅛
Exxon	1,242,100	47⅛	+ ⅛
Fannie Mae	1,208,400	38⅛	- ⅛
Gen Electric	1,202,020	69⅛	+ ⅛
Utd Telecomms	1,171,780	38⅛	+ 1⅛
IBM	1,151,700	118	+ 1⅛

TRADING ACTIVITY

† Volume Millions	June 27	June 26	June 25
New York	146.620	142.742	134.469
Amex	11.299	9.411	10.046
NASDAQ	(u)	131.615	113.559
Issues Traded	(u)	1,976	1,996
Rises	(u)	689	484
Falls	(u)	773	1,018
Unchanged	(u)	514	494
New Highs	(u)	26	18
New Lows	(u)	57	55

CANADA

TORONTO	June 27	June 26	June 25	June 22	1990 HIGH	1990 LOW
Metals & Minerals	3164.60	3134.80	3128.60	3159.10	3453.05 (4/1)	2850.80 (23/4)
Composite	3519.30	3495.20	3474.20	3490.80	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1824.81	1804.61	1802.65	1802.65	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

Other indices (Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Netherlands, Norway, Philippines, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, World)
[illegible]

TOKYO - Most Active Stocks
Thursday June 28 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Fuji Photo Film	13.1m	4,650	+30	NKK	8.5m	601	-14
Canon	11.4m	1,890	-30	NEC	6.3m	2,030	0
Nippon Steel	10.4m	658	-12	Daikin Industries	6.0m	2,750	+80
Sony	8.7m	8,970	+100	Honshu Paper	6.0m	2,780	+40
MHI	7.2m	1,020	0	TDK	5.8m	7,450	+130

3pm prices June 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
57¾	38¾	Wrigley	.86	1.6	19	84	54½	53¾	54½	+ ½
14⅝	7¼	WyleLb	.28	2.1	14	64	13½	13¾	13¼	− ¼
27½	18	Wynns	.60	2.9	13	17	20⅝	20⅝	20⅝	
		− X−Y−Z −								
88½	45⅞	Xerox	3	6.4	8	927	47¼	46⅝	46⅝	− ½
49	45	Xerox pf4.13		8.7		21	47¼	47¼	47¼	+ ⅛
34	21¼	XTRA	.48a	2.0		39	24	23⅝	23⅝	− ⅜
4⅛	1⅛	Zapata				187	1⅛	d 1⅛	1⅛	
⅛	⅛	Zenmax rt				1	⅛	⅛	⅛	
19½	7⅝	ZenithE				344	8½	8⅜	8⅜	
9⅝	5⅝	Zenix	.90	16.		180	6	5⅞	5⅞	− ⅛
16½	12⅞	Zero s	.40	2.8	14	164	14⅛	14⅛	14⅛	+ ⅛
49	34	Zurn	.76	1.6	29	1108	47½	46⅝	46⅝	− ½
12⅝	10⅝	Zweig	1.21e	11.		282	11½	11¼	11⅜	+ ⅛
10	9	ZweigTl	.96	10.		749	9½	9¼	9¼	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices June 28

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
Prod A	.10		8	6⅝	6⅛	6⅛	
[illegible]							

NASDAQ NATIONAL MARKET

3pm prices June 28

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
[illegible]							
Wolv wt			426	2⅜	2½	2⅜	+ ⅛
Worthg	.60	16	85	24½	24⅛	24⅜	+ ⅛
Wyman	.40		130	13¼	13¼	13¼	− ½
			− X−Y−Z −				
XL Dta		8	1161	14¾	14	14½	+ ½
XOMA			3252	22½	21¼	21½	−1
Xicor			208	3¼	3⅛	3¼	+ ⅛
YanEnS	1.52e	11	312	19½	19	19¼	− ¼
YelowF	.78	51	271	28¾	28½	28½	− ¼
YorkRs		23	359	15½	15	15¼	+ ¼
ZionUt	1.44	9	2	29¼	29¼	29¼	

AMERICA

Dow outlasts bad news as earnings season begins

Wall Street

RENEWED confidence in the stock market's ability to overcome bad news helped equities move narrowly higher yesterday morning, *writes Karen Zagor in New York.*

At 2 pm, the Dow Jones Industrial Average was up 11.14 at 2,873.27, after gaining 19.80 to 2,862.13 on Wednesday. Trading was light, with 79m shares changing hands by midday. Advancing issues led those declining by a ratio of seven to six.

The positive tone of the market was reflected in other indices. At 1 pm, the Standard & Poor's 500 was up 0.76 at 355.90.

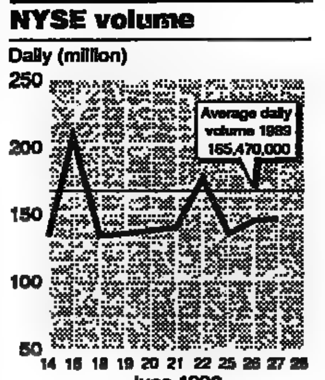
The stock market took some strength from early morning gains in the bond market. Traders were also encouraged by Wednesday's stock market gain, which came in spite of disappointing earnings projections from AT&T. By midsession yesterday AT&T was the most active stock, losing another $⅞ to $38¾, after a fall of $2⅛ on Wednesday.

As companies started to release their quarterly results, their earnings continued to have an impact on the stock market. ConAgra gained $¾ to $34 after reporting a 15 per cent improvement in fourth quarter net earnings to $1.87 a share from $1.63 a year earlier.

LA Gear has more than recovered the $1¾ that it lost on Monday. The company, which reported earnings of 51 cents a share on Wednesday, added $1⅞ to $28¾ yesterday after $1¼ the previous day.

Several technology and drug issues were higher, with Digital Equipment up $1⅛ at $84 and Merck $1 higher at $85¼.

NYSE volume



The over-the-counter (OTC) market posted strong gains, with the NASDAQ Composite index up 2.27 at 459.16 at 1 pm. Technology issues led the secondary market's advance. Apple Computer gained $1 to $42⅛ in heavy trading after being added to an analyst's buy list.

Also on the OTC market, Medical Imaging added $¼ to $12¼ in active trading after the secondary offering of 2.45m shares of its stock at $12¼.

Nike, the athletic shoe maker, surged $3½ to $76¾ after the company revised its fourth quarter earnings estimates to between $1.70 and $1.75 a share, from forecasts of $1.50 to $1.60. The company attributed its improved outlook to a lower-than-expected tax rate and a revision of its last-in first-out inventory reserves.

Trading in Caterpillar was calmer after the hectic activity at the beginning of the week, when the company's share price plunged more than $11 in two days after Caterpillar released a lower earnings forecast. Yesterday, Caterpillar was unchanged at $52⅛.

Canada

AFTER SHARP opening gains, Toronto stocks turned mixed by midsession. Volume continued to be light. The composite index rose 12.5 to 3,531.8 on volume of 11.7m shares. Declines led advances by 231 to 181. The gold index jumped 47.77 to 5,915.1 after bullion futures firmed.

Among gold shares, Corona was flat at C$7, Euro-Nevada gained C$¾ to C$13¼, Placer Dome rose C$¼ to C$17¼ and Lac Minerals lost C$⅛ to C$10⅝. Laidlaw rose C$⅛ to C$26, recovering some ground lost on Wednesday following the resignation of its founder.

Sighs of relief breathe life into Philippines

A spate of encouraging news has included the absence of a coup, writes Rexie Reye

THE MANILA stock market is so familiar with coup attempts that, when a feared overthrow did not happen during the recent Independence Day celebrations, shares rose with a sigh of relief.

A peaceful Independence Day on June 12 served as a catalyst for overseas and domestic investors to step back into the stock market, which had been in decline since a failed coup last December.

The Manila composite index had fallen to 740.31 on June 6, 47 per cent below the record high of 1,396.36 on November 20, 1989, and just above the December 1988 low of 739.7. Since Independence Day, the composite index had risen to reach 945.58 on June 22. It closed yesterday at 895.41 after some profit-taking.

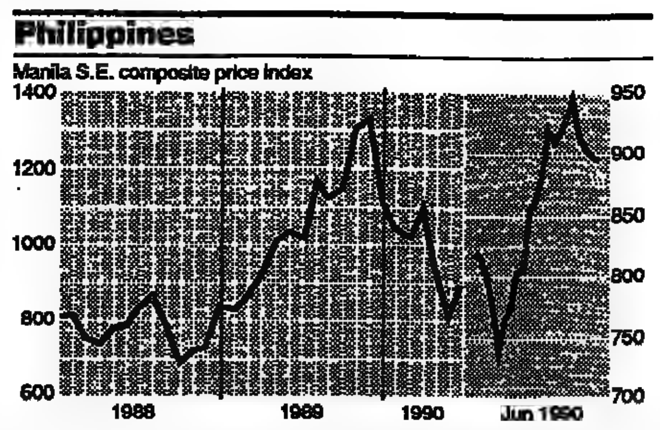
The market's fall since November was not just a reaction to the attempted coup on December 1, says Mr Ramon Vicente Cabigting of Sun Hung Kai Securities. A dilapidated economy had led to forecasts of poor corporate earnings, while an electricity crisis crippled both industry and services in April, a month of peak demand as the hot weather increased the use of air conditioning.

On the political front, Filipinos faced the worry that the US might withdraw its military bases, which account for about 1 per cent of the country's gross national product.

The shaky political conditions and the severe power cuts prompted a sharp drop in foreign investment in April. The Philippine Securities and Exchange Commission reported last week that foreign equity placements in domestic stock corporations dropped 63.6 per cent to 251.2m pesos in April, from 690.3m pesos in March and compared with 602.1m in April last year.

But a spate of encouraging news emerged in the run-up to the Independence Day celebrations, says Ms Rachel Hill of James Capel. The US agreed to pay up the amount of money asked by the Philippine Government to keep their bases open. Power cuts were reduced from four hours to two hours as the rainy season started, allowing hydro-electric power generation to recommence. In addition, a much-needed turbine finally arrived.

Philippines



President Corazon Aquino's launching of a multi-sectoral political movement called the "Kabisig," meaning "linked arms," to speed up the implementation of the Government's economic reforms, provided another boost for the market. The issue of an arrest order for Mr Eduardo Cojuangco, a close associate of the deceased Philippine dictator Ferdinand Marcos and an estranged cousin of President Aquino, was taken as a sign that the Government was at last dealing firmly and decisively with rebel army forces.

Many analysts feel that the market has discounted all the good news for now. "We have had the big reaction," says Mr David Bates of First Pacific Securities. But he adds that the market's recent rally will inspire more confidence from overseas investors, who last dealt seven months ago.

There is lingering scepticism about the Government's ability to stimulate economic growth. And the start of a two-year political campaign before the 1992 presidential elections is likely to put a lid on the market's upside potential.

Last week the Government approved a two-year economic programme designed to revitalise the economy, battered by repeated coup attempts, and set it on a new course by reducing protectionism and lowering interest rates.

Mr Bates fears that domestic lending rates may rise to 30 per cent in the next quarter. The Government is unlikely to attain this year's goals of bringing rates down to about 20 per cent and inflation down to 13 per cent. Inflation is currently above 18 per cent, mainly due to higher crude oil prices and an increase in the cost of food in the region.

Investors will retreat to the sidelines in the second half of the year as candidates for the 1992 presidential elections come forward, says Ms Hill. They are certain to stay away once the election campaigns begin in 1991, except for the occasional sortie as trading opportunities appear.

ASIA PACIFIC

Monetary tightening fears depress Nikkei

Tokyo

A FALL in bond prices yesterday discouraged investors in the equity market and share prices retreated as profit-taking set in, *writes Michiyo Nakamoto in Tokyo.*

The agreement under the controversial Structural Impediments Initiative (SII) that there should be a substantial boost to public investment fanned fears of a tighter monetary policy. This led to weakness in bonds, which in turn spilled over into equities.

Investors were also worried by higher interest rates, while the large number of shareholders' meetings held yesterday kept the mood cautious. Arbitrage selling also took the Nikkei average lower.

The Nikkei average closed with a loss of 206.56 at 32,106.19, after moving between a high of 32,338.83 and a low of 31,931.15. Declines outscored rises by 517 to 440 and a further 167 issues were unchanged. Turnover was down to 450m shares from the 600m traded on Wednesday.

The Topix index of all listed stocks shed 12.00 to 2,350.40 and, in London trading, the ISE/Nikkei 50 index moved up 2.46 to 1772.77.

There has been growing concern that the increase in fiscal investment spending could lead to greater inflationary pressures, which has raised the spectre of a tighter monetary policy by the Bank of Japan.

The suggestion by Mr Yasushi Mieno, the bank's governor, that the bank would take a neutral stance on interest rates, was also negative for the market, said Ms Betty Woo at SBCI Securities. It would prolong the uncertainty in the market.

After a rise of nearly 1,200 points over the previous two days investors were inclined to take profits. Worst affected by the selling were interest rate-sensitive issues, including banks, real estate companies and the heavily capitalised steels and shipbuilders.

Sumitomo Bank was down Y50 at Y2,470, while Mitsubishi Estate also shed Y50 to Y1,500. Nippon Steel lost Y12 to Y559 on the day's third highest volume of 10.4m shares and NKK retreated Y14 to Y601.

High-priced high technology stocks with good earnings prospects remained in demand. Fuji Photo Film topped the actives list with 13.1m shares and gained Y30 at Y4,650. Sony added Y100 at Y8,970 in active trading. TDK rose Y130 to an all-time high of Y7,450.

Shareholders' meetings kept investors cautious; "you never know what will happen at these meetings," said one foreign analyst.

The announcement that a director of Kokusai Kogyo, a leading aerial surveying contractor, would resign, helped Kokusai's share price gain a net Y80 to Y2,400. The director had won his position by building up a large stake in Kokusai. Early in the day Kokusai's share price had slipped Y70 to Y2,250 on concern that the shareholders' meeting would not be able to force the resignation of the director.

Osaka was unaffected by the gloom in Tokyo and the OSE average climbed 318.47 to 35,573.36. Volume amounted to 68m shares, against the 78m traded on Wednesday.

Roundup

THE REGION saw temporary relief from one stock exchange disaster because of more basic fears. This was on the TAIWAN exchange, which closed for the day on the approach of Typhoon Percy. There was also the promise of more extended surcease, as Taipei's Securities and Exchange Commission said that it would allow four new funds to raise a collective T$20bn to stabilise plunging share prices.

SEOUL, another recent stock market disaster area, got its own stabilisation fund after the composite index dropped 26 per cent to 688.66 between January 4 and April 30. To begin with it worked and the index rallied to 814.40 by June 4.

In the past three weeks the magic, and the money, seems to have run out. The index fell another 7.37 to 732.64 yesterday in thin volume of Won125bn. Individuals sold, institutions sat on the fence and the stabilisation fund, which has been the only buying force in recent sessions, also remained inactive – due in part to its low cash level.

SINGAPORE shrugged off Wednesday's excitement, and profit-taking near the close brought the Straits Times Industrial index down by 1.52 to 1,531.73.

There was concern that foreign buying might have been the primary impetus behind Wednesday's rally, following the Government's announcement that it would raise the ceiling for foreign ownership of shares in local banks. Traders feared that it would dry up once the new ceiling of 40 per cent on foreign ownership was reached.

AUSTRALIA eased in trading dominated by Woodside Petroleum after BHP sold a 30 per cent stake. The All Ordinaries index fell 10.0 to 1,494.3 in turnover of 530m shares, valued at A$1.29bn, up from Wednesday's 121m shares.

Barclays De Zoete Wedd Australia bought the Woodside stake of more than 200m shares at A$2.62 each, for a total of A$525m, and sold them to a wide group of institutional and portfolio investors. BHP had announced it was selling the stake in January.

Woodside fell 16 cents to A$2.74 and BHP closed 8 cents lower at A$9.28.

SOUTH AFRICA

A SLIGHT rise in the bullion price helped Johannesburg gold shares end higher yesterday in quiet trading. Vaal Reefs gained R8 to R286. The JSE Gold index rose 42 to 1,500 and the overall index gained 22 to 3,032.

EUROPE

West Germans and French endure a see-saw session

A SEE-SAW session for Frankfurt and Paris left the former slightly lower and the latter almost unchanged. Most other bourses moved higher, however, with Milan making the most convincing rise, *writes Our Markets Staff.*

FRANKFURT had another day on the switchback, and came out of it on the downside. After a rise of 9.15 to 806.71 in the FAZ index at midsession, the DAX closed 6.29 lower at 1,895.17.

Allianz led the market up at the outset, gaining another DM80 to DM2,860 after it won a battle with a consortium of five other insurers for a 51 per cent stake in a big East German joint venture. However, it closed unchanged at DM2,780.

Siemens went as high as DM766.50, following Wednesday's statement on expansion across the eastern border involving more than 30 projects; but it, too, subsided, ending DM6.20 down at DM753.10.

Banks mostly held firm, as the Bundesbank kept its credit policies unchanged at yesterday's meeting, and its average bond yield fell by one more basis point, to 8.88 per cent.

Mr Charles Mentcher of brokers Carnegie International reckoned that the bond market was looking good, with long-term government bonds yielding 8.7 per cent and equities on a 2.1 per cent return, indicating a reverse yield gap of 6.6 per cent – or, alternatively, a real return on bonds of 6.4 per cent after allowing for the current, 2.3 per cent inflation rate.

This, he expected, would show in bond prices, especially if East Germans proved less spendthrift than expected after monetary union on July 2: that would filter through to equities later, perhaps in August.

In the meantime, there is the occasional tremor, with Bayer falling DM5.10 to DM279.20, a big move for the chemicals sector, after one large institutional sell order; BASF eased DM2.20 to DM291.80 after reporting a 4 per cent drop in half-year sales.

Continental, the tyre-maker, tumbled another DM6.50 to an ex dividend DM301 following its prediction of lower profits, and the failure of a move to abolish the group's 5 per cent voting-right limitation.

MILAN rose in an extension of the after-hours mood on Wednesday, the Comit index adding 5.92 to 752.19 with the previous day's stars still in the ascendant.

Stet put on another L130 to L7,130 on restructuring prospects in the Italian telecommunications market, and Mediobanca rose another L500 to L21,400. Dr Roberto Morelli of County NatWest said that the Milan-based merchant bank had survived last week's rumours that there might be interference in its relationship with its shareholding banks; it is also, like Stet, a foreign investors' proxy for a commitment to Italian equities.

PARIS ended little changed in fairly quiet trading, after opening weak and strengthening by midsession. The CAC 40 index closed at 2,038.41, up 1.45, after hitting a day's high of 2,052.80 and a low of 2,029.26. Turnover was estimated at FFr2.3bn compared with Wednesday's FFr2.1bn.

Michelin recovered a little after last week's plunge, rising FFr2.70 to FFr102, but the rebound was technical rather than fundamentally based. Metaleurop, which fell sharply the previous day, eased another FFr1 to FFr169.

Générale des Eaux, the water, waste management and energy group which gave details of its already announced FFr4.6bn bond issue with warrants attached, lost FFr28 to FFr2,620 in heavy turnover, with 41,090 shares traded. Total, the state-controlled oil group, saw its shares lose FFr1 to FFr694 and its certificates drop FFr3.50 to FFr118.50 after it announced the terms of its FFr6.7bn issue of convertible perpetual bonds to the state.

MADRID again rose on the back of its banking sector, with the general index gaining 1.46 to 295.15. Among active bank stocks, BBV rose Pta120 to Pta3,420, Banco Hispano Americano added Pta85 to Pta3,300 and Banco Central gained Pta50 to Pta4,900.

Commerzbank and Volkswagen of West Germany said that they would be listed in Spain next month – the first foreign companies to do so.

AMSTERDAM finished mixed, with a few individual stocks providing the excitement. The CBS tendency index rose 0.3 to 121.4 in quiet trade.

Van Ommeren Ceteco, the diversified transport company, remained active, with an estimated 1m shares traded. The stock gained Fl 1.40 to Fl 47. Speculation continued to surround the company, but it claimed that it was not in takeover talks and did not plan to sell any divisions.

Among blue chips, Philips slipped 30 cents to Fl 33.20 before its special shareholders' meeting on Monday.

STOCKHOLM advanced in moderate trading, with the Affärsvärlden General index gaining 9.9 to 1,302.6 in turnover of SKr259m. Astra free B shares rose SKr15 to SKr590. Aga free Bs gained SKr10 to SKr300 on an analyst's forecast of a profits rise of 30 per cent this year.

ZURICH set a good tone, although the Crédit Suisse index rose only 1.3 to 665.5. Holzstoff registered added another SFr225 to SFr5,475 on the paper-maker's decision to open this class to foreigners.

BRUSSELS eased in light trading, the cash market index closing 12.41 lower at 6,251.49.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JUNE 27 1990								TUESDAY JUNE 26 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (80)	140.77	−0.5	119.78	137.39	121.79	118.77	−0.8	5.86	141.43	120.82	138.70	122.91	119.75	158.31	125.86	131.45
Austria (19)	259.61	+1.4	220.89	253.38	224.60	224.15	+0.4	1.20	255.96	218.66	251.04	222.44	223.17	285.63	193.15	119.67
Belgium (61)	151.33	+0.8	128.76	147.69	130.92	127.45	+0.4	4.53	150.10	128.22	147.20	130.44	126.96	160.02	132.11	128.62
Canada (119)	136.33	+0.7	115.99	133.05	117.93	115.60	+0.5	3.51	135.43	115.70	132.82	117.69	115.04	153.61	130.07	140.69
Denmark (33)	260.61	+0.8	221.74	254.36	225.46	224.28	+0.0	1.28	258.43	220.77	253.45	224.58	224.25	261.19	236.69	197.29
Finland (26)	134.20	+0.3	114.18	130.98	116.10	110.22	−0.7	2.49	133.86	114.35	131.29	116.33	110.95	152.29	129.09	139.61
France (124)	160.86	−0.3	136.86	156.98	139.15	141.05	−0.8	2.90	161.29	137.78	158.17	140.15	141.87	168.85	141.69	119.81
West Germany (93)	134.03	+0.6	114.04	130.83	115.95	115.95	+0.2	1.93	133.18	113.77	130.63	115.73	115.73	137.71	122.05	89.51
Hong Kong (48)	135.61	−0.2	115.39	132.36	117.33	135.60	−0.2	4.53	135.95	116.13	133.32	118.14	135.88	135.95	112.24	92.90
Ireland (17)	189.82	+0.5	161.51	185.26	164.21	166.16	+0.0	2.64	188.92	161.39	185.28	164.17	166.12	198.57	172.72	134.00
Italy (96)	107.40	+0.1	91.38	104.82	92.91	97.82	−0.3	2.40	107.31	91.68	105.24	93.25	98.08	109.26	91.85	83.72
Japan (454)	146.52	+2.3	124.66	143.00	126.77	143.00	+1.8	0.60	143.19	122.33	140.43	124.45	140.43	197.26	124.40	173.86
Malaysia (35)	230.64	+0.3	196.24	225.09	199.52	240.72	+0.3	2.25	229.96	196.45	225.52	199.83	240.10	245.32	204.15	180.74
Mexico (13)	506.11	−0.9	430.62	493.96	437.84	1585.37	−0.8	0.33	510.92	436.46	501.07	443.99	1597.63	549.86	324.53	281.98
Netherland (43)	141.96	+0.2	120.79	138.55	122.81	121.39	−0.4	4.64	141.67	121.03	138.94	123.12	121.82	145.66	130.43	120.55
New Zealand (17)	65.01	−0.8	55.31	63.45	56.24	58.74	−0.8	7.55	65.56	56.01	64.30	56.98	59.24	75.38	59.57	66.48
Norway (23)	235.85	+1.1	200.67	230.19	204.04	204.95	+0.7	1.47	233.35	199.35	228.86	202.79	203.58	245.90	202.34	180.48
Singapore (25)	204.84	−0.1	174.29	199.92	177.21	174.07	−0.1	1.94	204.95	175.08	201.00	178.10	174.16	207.93	179.70	160.59
South Africa (60)	172.24	−0.3	146.55	168.10	149.00	152.12	+0.3	3.92	172.80	147.62	169.47	150.16	151.70	251.39	170.00	151.36
Spain (42)	169.54	+0.8	144.25	165.48	146.07	131.46	+0.1	4.06	168.23	143.71	164.99	146.19	131.33	169.54	132.84	148.28
Sweden (34)	223.41	+0.8	190.09	218.05	193.28	199.35	+0.3	2.03	221.55	189.27	217.29	192.54	198.68	223.41	173.89	166.15
Switzerland (66)	105.31	−0.1	89.60	102.79	91.12	91.89	+0.1	2.24	105.37	90.01	103.34	91.68	91.78	105.37	88.75	79.80
United Kingdom (304)	167.50	−0.6	142.52	163.46	144.89	142.52	−1.0	4.76	168.46	143.91	165.20	146.36	143.91	168.46	139.67	141.67
USA (537)	143.52	+0.8	122.11	140.08	124.17	143.52	+0.8	3.39	142.35	121.60	139.61	123.71	142.35	148.55	130.61	132.90
Europe (981)	150.92	+0.0	128.41	147.29	130.56	129.13	−0.4	3.53	150.97	128.97	148.06	131.20	129.60	150.97	135.57	118.87
Nordic (116)	209.83	+0.8	178.53	204.79	181.53	176.59	+0.2	1.70	208.08	177.76	204.07	180.83	176.22	209.83	165.01	161.36
Pacific Basin (659)	145.82	+2.1	124.07	142.33	126.16	141.55	+1.7	0.91	142.80	121.99	140.05	124.09	139.25	192.75	124.63	169.32
Euro – Pacific (1640)	148.29	+1.2	126.17	144.71	128.28	137.12	+0.8	2.00	146.51	125.16	143.67	127.31	136.08	174.18	130.35	149.23
North America (656)	142.99	+0.8	121.66	139.57	123.72	141.67	+0.8	3.40	141.83	121.16	139.12	123.28	140.54	147.87	131.02	133.27
Europe Ex. UK (677)	139.40	+0.3	118.61	136.08	120.62	120.75	−0.1	2.73	138.98	118.71	136.31	120.79	120.85	139.50	124.81	104.41
Pacific Ex. Japan (205)	136.78	−0.3	116.38	133.51	118.34	121.62	−0.5	5.04	137.25	117.25	134.62	119.28	122.24	138.82	122.53	114.58
World Ex. US (1832)	148.33	+1.2	126.21	144.78	128.33	136.92	+0.8	2.06	146.61	125.24	143.79	127.41	135.89	173.77	131.30	149.02
World Ex. UK (2065)	143.36	+1.2	121.98	139.93	124.03	138.62	+1.0	2.26	141.60	120.96	138.88	123.06	137.27	162.00	130.80	142.35
World Ex. So. Af. (2309)	145.34	+1.1	123.66	141.86	125.74	138.87	+0.8	2.50	143.80	122.85	141.04	124.98	137.79	161.84	131.95	142.22
World Ex. Japan (1915)	146.42	+0.4	124.58	142.92	126.69	137.09	+0.2	3.51	145.82	124.57	143.03	126.74	136.75	147.86	134.62	127.41
The World Index (2369)	145.50	+1.1	123.80	142.01	125.88	136.96	+0.8	2.51	143.98	123.00	141.21	125.13	137.89	162.05	132.25	142.27

Constituent change 28/6/90: Addition: Holzstoff (Reg.)(Switzerland).Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Recruiting top people in one way and their juniors in others is blinkered snobbery

Time to cut headhunting down to size

ANYONE seeking an example of grim irony need only consider what looks to have been Europe's first formal measure to promote social equality in practice. It was the proposal in the French National Assembly on October 10 1789 of a single method of executing the death sentence for all classes.

Previously, excepting special treatment for crimes such as treason and sorcery, the gentry had been beheaded and everyone else hanged. The proposal to upgrade the lower orders to the gentry's privilege was made by Dr Joseph-Ignace Guillotin who although he mooted mechanical execution, did not design the guillotine. (England had gone the other way earlier, relegating the nobs to hanging after 1745, but apparently without any comparably formal decision.)

Alas, such enlightened concern for equality in ways of dispatching people has not extended to more modern attitudes to recruiting them. For in recent years there has grown up a legend that the best way of filling high-ranked positions is different from the methods used lower down.

For top jobs, the preferred means is executive search, in which consultants acting for the employer first idenify suitable people, and then personally ask them if they would be interested. Although vulgarly known as "headhunting", search is considered far superior socially to open-market recruiting methods such as advertising which require job-seekers to put themselves in the seller's position by applying.

The snobbery now associated with the search technique seems to have had no part in its origin. The first user – according to Jim Kennedy of Executive Recruiter News in the United States – was Rawl Deland, of the Thorndike Deland consultancy, in America in 1926. The reason the technique caught on was evidently that US companies wanted to spread their recruiting nets widely, but lacked a nationally circulating press in which to advertise.

There was no such lack in Britain where search arrived some 30 years later. The prime rationale for using it here was simply that it was the most effective way of recruiting for the highest jobs. And the high-falutin image has stuck to the technique as it has spread to many other countries likewise equipped with a national press.

In some of them search goes on despite being technically illegal. West Germany is one instance. A second, oddly enough, is France which apparently bans selective hunting of heads although it has ceased to license their unbiased removal. (The guillotine was last used in 1977, but capital punishment was not voted out until four years later.)

Gauging the spread of the technique is difficult because search itself has fallen prey to class-distinction. In the pukkah "retainer" kind, the consultants are still paid a sizeable sum if they fail to fill the vacancy. When they succeed they typically charge about a third of the recruit's starting salary. In the less patrician "contingency" type, the consultants get nothing unless they deliver the goods.

The retainer variety alone is estimated by the stockbrokers James Capel to have pulled in roughly £1.5bn in 1988. That represented some 5 per cent of the nearly £33bn worldwide market for recruitment services including the supply of temporary staff. Another £1.8bn, or 6 per cent, was collected by two other sorts of operators – contingency searchers, and the selection consultants who advertise jobs then pare down the entries to a short-list for the employer.

Other evidence nevertheless indicates that searchers of both kinds fill only a very small share of job-openings at management level. An example is a report just published jointly by the Cranfield Management School and Price Waterhouse on research covering almost 6,000 organisations in France, West Germany, Spain, Sweden and the United Kingdom.

Most of them recruit by a range of methods, not least internal promotion, the report says. In all but Spain, however, "organisations use external advertising more widely than any other form...." In some cases its lead is 25 per cent.

Internal appointments top the managerial league in Spain, and are second in the UK and Sweden. Recruitment agencies, as distinct from both search and selection consultancies, are the r ners-up in France and Germany. iquely, the Spanish rely on word-of-mouth recommendation more than outside advertising which, nonetheless, is apparently used about twice as often as consultants of all kinds.

It admittedly remains possible that search consultants rule the roost over advertising on the minority of executive perches at the top. If so, however, the legend that their technique is dominant in high places is still not confirmed. Up there, for instance, the old boy net functions well in a good many countries besides Britain, although their employers may be less candid than the Spanish about its use. Who knows how many senior jobs are filled by amateur search?

Even so, however big or small the professional variety's share of the market, its effectiveness is beyond doubt. The only important question is *where* it is effective and, in particular, whether it is best used for jobs which are senior as simply distinguished from those of lesser height.

Reason, at least, suggests otherwise. It seems clear that search is most advantageous when the skills and experience needed to do the work well are possessed by only a few readily identifiable people. While that may often be true when a top executive is wanted, it is also true of numerous junior staff. Underwater welders fluent in Arabic as well as English are one of many cases in point.

On the other hand, when large numbers of people can be expected to have the right experience and skills, the wider ambit and scope for serendipity of advertising come into their own. And that applies to a lot of high-rank jobs – including running big bureaucratic outfits – besides most subordinate posts.

So the simple use of seniority as a criterion for choosing recruitment methods is surely mistaken, if not consciously snobbish to boot.

Fortunately reason seems to be exerting itself on the consultants' part, at least. Over the past few years, several of the pukkah searchers in Britain have formed subsidiary advertisement-based selection companies.

Perhaps significantly, however, they have typically set up their offshoots in separate premises under names not easily identifiable with those of the parent concerns. So it is far from sure that their branching means they will henceforth be impressing on their company clients that the seniority criterion is flawed.

They may just be using their contacts with high-rank simpletons who come to them as searchers, to profit by recruiting on the downside of the snobbish cut-off as well.

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Ideally aged in your mid twenties, you will be an articulate graduate in either Economics, Law or a business related discipline. You will also need to have at least two years' experience in UK investment analysis, to enable you to assist with the management of a diverse range of investments for our general insurance, life, pensions and unit linked funds.

Good prospects exist within the Analytical and Fund Management areas and as you would expect there may be opportunities to diversify into other investment areas in due course.

In addition to an attractive salary, we offer a first-class range of large company benefits including a non-contributory pension scheme, subsidised restaurant, season ticket loans and, where appropriate, mortgage assistance.

Please either send your own CV or telephone or write for an applicaton form to: Margaret Williams, Senior Staff Relations Adviser, Sun Alliance Group, 1 Bartholomew Lane, London EC2N 2AB. Telephone: 071-588 2345 ext 1465.

SUN ALLIANCE
INVESTMENT MANAGEMENT

YOUNG ACTUARIES

greenfield site

c £30-35k + BMW, pension, mortgage, etc

In a period of almost total change in insurance markets, our client is responding in the most innovative and forceful manner to ensure they capitalise on the massive growth potential in the UK and Europe.

The company has recently established the strategy, systems and market led infrastructure to drive the business towards the opportunities arising from the Financial Services Act, 1992 and other legislation. As a major part of this strategy, the company, now part of one of the world's largest insurance groups, is relocating from London to the Glasgow area where good technical and administration staff are still available.

The company, with 100 years of expertise and success, provides a range of individual and group insurance products, including healthcare, pensions, life assurance and unit trusts.

They wish to recruit a qualified actuarial team reporting to the Chief Actuary to provide the advice control and management input to these products and seek three young talented actuaries with good commercial judgement, who will relish the challenge of developing their career in a totally new environment.

Opportunities are unlimited and with a new management team recruited from the top levels of financial services, development will be fast and market led.

The three positions are:

INDIVIDUAL PRODUCTS ACTUARY
An exciting role, working closely with marketing and sales. Responsible for initial pricing and design, maintenance of appropriate bases to ensure profitability targets are met; plus the procedures and quotations systems for all individual life and pensions products. **Ref PGL/4416/FT.**

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A particularly interesting role, with responsibility for the fast growing healthcare products plus all group pension and other risk products. You will provide a key client consultation role in total benefit planning and will work closely with marketing and sales divisions.
Ref: PGL/4418/FT.

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A fast-track career role, involved with research and planning, corporate strategy and its implementation, valuation of liabilities and all actuarial investigations, plus ensuring adherence to statutory requirements.
Ref: PGL/4420/FT.

To apply in confidence, please send a detailed CV including salary requirements to Douglas Kinnaird or telephone his secretary for an application form quoting the appropriate reference. **PA Consulting Group**, Number Two Blythswood Square, Glasgow G2 4AD. Tel: 041-221 3954. Relocation assistance is available if required. No details of applicants will be divulged to our client without candidates' consent.

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UK EQUITIES

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Salary + Bonus
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LARGEST CANADIAN INSTITUTIONAL INVESTOR

The Caisse de dépôt et placement du Québec manages assets totalling more than $35 billion CA (£ 17 billion), including the largest equities portfolio in Canada. It uses a variety of financial instruments: bonds, equities, mortgages, real estate, money market synthetic and derivative products as well as short-term securities. It is located in Montréal, a first-class financial center.

Reporting directly to the Vice President – International Equities, the Fund Manager shall be responsible for setting up and managing the in-house UK equities portfolio and shall also participate in the global asset allocation of international equities.

The successful candidate shall possess a university degree, preferably in Finance, with a minimum of five-years experience in UK equities, two of which as a fund manager. This person should demonstrate strong skills in financial analysis. A working knowledge of French is also required.

In addition to the basic salary, competitive pension and insurance plans are offered as well as a bonus program based on portfolio performance. Travelling expenses during the selection process as well as certain relocation expenses upon hiring shall be paid by the Caisse.

Applicants interested in taking up this challenge should forward their CV in confidence to:

Direction des ressources humaines
Caisse de dépôt et placement du Québec
1981, avenue McGill College
Montréal (Québec) Canada
H3A 3C7

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You'll handle your own credit/risk analysis and be capable of meeting agreed revenue and quality targets, so essentially we'll be looking for someone aged 25-35, of graduate calibre, with 3+ years' corporate banking experience. This should be gained in a first-class credit culture, and ideally include international products.

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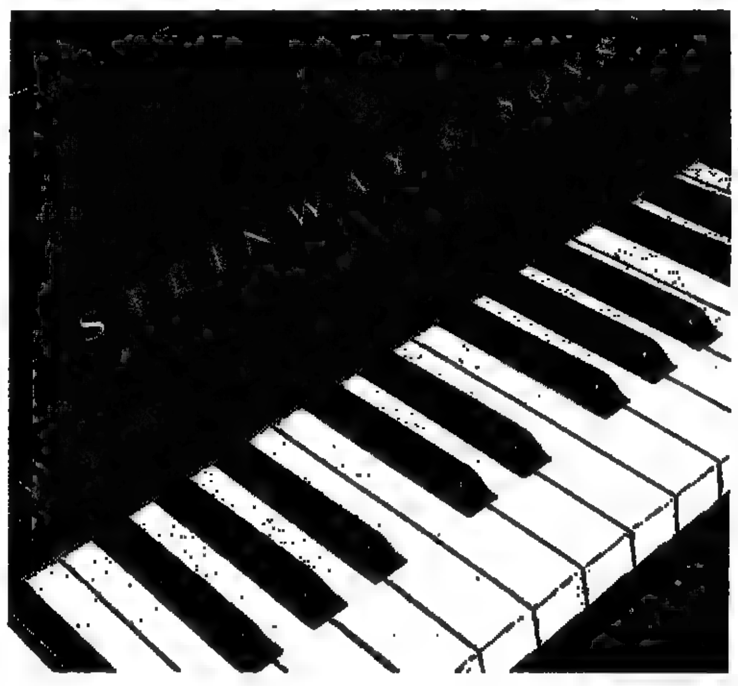
Standard Chartered are on the move; are you? Please send full career details, indicating preferred location, to Liz Walley, ref: 4360/EEW/FT., PA Consulting Group, Fountain Court, 68 Fountain Street, Manchester M2 2FE.



Standard Chartered

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BANK ANALYST
Standard & Poor's

Standard & Poor's Ratings Group is the leading provider of financial analysis to international capital markets. As a result of the growth of our European debt rating activity and the expansion of our London-based analytical staff, we are seeking an analyst to join our team responsible for rating European banks.

The position involves in-depth financial analysis and strategic research on major banks and other financial institutions in the U.K. and on the Continent. Analyst's responsibilities include conducting meetings with senior management of major European banks, along with the presentation of analysis for internal rating purposes and for external publication. The position is London based and involves travel throughout Europe as well as to New York.

Qualifications should include at least two years' experience, as an analyst, following banks, working for a financial institution, or regulatory body. Strong communication skills, both written and oral, are essential. Fluency in a major Continental language would be an advantage.

Standard & Poor's is a key part of McGraw Hill Inc. — one of the world's major suppliers of information to business and related sectors. Considerable training is provided in both New York and London. The position offers a salary commensurate with applicant's qualifications and experience.

Please forward your resumé, with salary requirements, to:
Personnel Director
Standard & Poor's Rating Group
19 St. Swithin's Lane
London EC4N 8AD

APPOINTMENTS WANTED

Resident of Katowice, Poland, 42 years old, seeks to be representative/proxy or to execute research for individuals and companies.

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071-873 3000

Jennifer Hudson
ext 3607

Richard Huggins
ext 3460

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ext 3392

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

EUROPEAN INVESTMENT BANK

The Bank is seeking, for the Capital Markets Department of its Finance and Treasury Directorate at its headquarters in Luxembourg a (m/f):

Capital Markets Officer

Duties: assist the head of division on the markets for which he is responsible (Holland, Scandinavia, Portugal, Greece, Middle East and International Markets), in particular:
- ☐ negotiation of new issues: liaison with the banking sector in the country or market concerned and with the appropriate monetary and financial authorities;
- ☐ monitoring of the primary and secondary markets in the countries and sectors concerned;
- ☐ research on the markets in question, various financing structures and the appropriate financial instruments;
- ☐ preparation and drafting of notes and statistics;
- ☐ preparation of issue documents.

Qualifications: university education or equivalent professional experience. **At least 3 years'** banking experience in the field of primary and secondary capital markets. This implies knowledge of both the international and domestic markets with practical experience of fixed and floating-rate borrowings. Experience of both currency and interest-rate swaps and other financial instruments (futures, options, etc.) would be an advantage.

Languages: very good command of English or French and good command of the other language. **A good knowledge of Portuguese or Greek is essential.**

The Bank offers attractive terms of employment, a generous salary and comprehensive welfare scheme. It is an equal opportunities employer.

Applicants, who must be nationals of an EEC member country and preferably no more than 32 years of age, are invited to send a detail curriculum vitae, together with a photograph to:

EUROPEAN INVESTMENT BANK
Head of Personnel Department (Ref.: FI 9021),
boulevard Konrad Adenauer 100,
L-2950 LUXEMBURG. Fax 437704.

Applications will be treated in strictest confidence.

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He or she will ideally have:
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- Experience in a trading environment
- A high degree of forex market senstivity is essential as the service is continuously updated on-line. A quick reaction time, on-the-spot analytical ability, and effective communication skills are thus vital
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The right candidate will have an opportunity to rapidly develop responsibility in a team of analysts who have an excellent reputation in the market place. In the first instance, please forward your CV to:

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Tel: 071-353 4212 Fax: 071-353 3325 Telex: 926604 HAM HSE G

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We are expanding our London office, which deals with the Group's international investment,and require two additional fund managers to complement the Far East investment team. The entry level will be dependent on the quality of applicant, who should have direct investment experience in his/her area of interest.

A flexible and attractive packge is offered.

Please reply in writing to: – Mrs Sheila Bone, 99 Charterhouse Street, London EC1M 6AB

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Commercial and Property Lending

c.£35,000 package + car + benefits

Our client, one of the largest quoted UK finance companies, is expanding its highly successful London based Overseas Division and now seeks a strongly motivated, career oriented manager able to make a major contribution to its future growth.

Probably qualified to ACIB or degree level, you will need experience of the UK property market together with excellent interpersonal skills and a record of achievement in commercial lending. Proficiency in a major European language would be useful though not essential.

In addition to a highly competitive base salary and substantial profit share, benefits include choice of company car, mortgage scheme, free medical insurance and life assurance, non-contributory pension, lunch allowance and expenses.

Please write in strict confidence, enclosing a current CV and listing separately any companies to which your application should not be forwarded, to: G.J. Selby (ref. FT/18), Vine Potterton Limited, 152/153 Fleet Street, London EC4A 2DH.

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We are working on behalf of an independent corporate financial advisory house who have succeeded in building up one of the most highly regarded firms in the business. They are active in all areas of advisory work including Mergers & Acquisitions, LBOs/MBOs and capital raising in both public and private markets.

The firm seeks to recruit one additional executive to complete the small, but highly respected and experienced team. Working as an integral part of this team, involved at every stage of the deal-making process, the work will be demanding and pressurised and candidates will need to possess the right balance of intellectual and personal skills. Applications are sought from:

* Graduates with at least 18 months' experience gained within the corporate finance department of a major bank or securities firm.
* Newly qualified ACAs from a 'Top Ten' firm.

The financial rewards will include a basic salary and a substantial performance related bonus. This is an excellent opportunity for ambitious, entrepreneurial individuals. If you would like to discuss this position further, please contact Penny Bramah on 071-831 2000, or write to her at

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39-41 Parker Street,
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Coopers & Lybrand Deloitte is one of Europe's foremost firms of Management Consultants and Accountants. The rapid expansion of our Oil and Gas consultancy has created the opportunity for an experienced industry professional to play an important role in its further development.

Shortly after joining you will be expected to manage important assignments, providing economic and strategic advice to private and public sector clients, in the areas of oil refining, marketing and petrochemicals.

Having spent some 5-10 years in the downstream oil industry, preferably with a technical background, you will possess economics, commercial or policy-making skills plus experience of managing other specialists in the field. Ideally, we would also like you to have some consultancy experience and would expect you to demonstrate sound business acumen and first-rate communication skills. Fluency in a second European language would also be a considerable advantage.

If you meet our criteria and share our ambition to provide the best advice in the industry, send your c.v to Ian Goskirk, Partner, Coopers & Lybrand Deloitte, Plumtree Court, London EC4A 4HT, quoting reference 50/20FT.

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ECONOMIST

Thomson Financial Networks is a major player in the rapidly developing Financial Information Services market. Our services include:-

* Technical Data - comprehensive fundamental and technical analysis for the fixed income investor *
* Global Finance Information - expert fundamental and technical analysis for the foreign exchange dealer *

As a progressive and successful American based Company, we are seeking to recruit a full time Economist to produce economic analysis on our product range, specifically ATLAS, GFI Forex Watch and Bonddata.

Ideal candidates will hold a Masters degree or have at least 4 years experience in the field of applied economics and macroeconomic theory. Applicants should be computer literate, and possess a general understanding of the financial markets. Fluency in another European language would be an advantage.

A competitive salary and benefits package will be offered to the successful candidate.

Please apply in writing with full CV to: -

William Ferguson
Director
Thomson Financial Networks Ltd
Centre Point
103 New Oxford Street
London WC1A 1DD

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C £30,000 + Car + Substantial Benefits

Operating in the highly specialised unlisted equity investment sector, our client is one of the leading independent venture and development capital groups in the U.K. An innovative range of financing packages for growth companies coupled with a progressive management team, has created substantial domestic business opportunities and has produced an outstanding recent track record. With funds in excess of £100m under management, prospects for future growth are excellent.

Recent internal restructuring has generated the requirement to augment the management with the appointment of an additional executive. Working as part of a small integrated team, the successful candidate will be involved in the identification and analysis of potential investments including MBO and MBI situations, and in the negotiation and structuring of such transactions. The appointee will also provide hands-on support in monitoring and helping to improve the long-term profitability of investee companies, through the development of strategy and the implementation of restructuring and rationalisation programmes.

This opportunity will appeal to an entrepreneurial, high calibre ACA/MBA, aged 26 – 30, with a record of achievement to date, and relevant experience in either a commercial environment or public practice. Essential qualities include the ability to both liaise with professionals at the most senior levels, and constantly adapt to a fast-moving and challenging sector.

Benefits include an attractive remuneration package, fully expensed company car, performance related bonus (after an initial period), and a rare opportunity to develop a stimulating career within this leading venture capital group. Participation in the success of funds managed will also be available in due course.

For further information in strict confidence contact Brian Hamill on 071-287 6285 (evenings and weekends 071-627 4974). Alternatively, forward a brief resumé to our London office quoting Ref: BH 631.

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London W1R 5LB
Tel: 071 287 6285
Fax: 071 287 6270

CRT

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CRT Europe Inc, the London Office of one of the world's *leading options and futures trading firms require a manager* to handle all credit aspects of its UK and European activities.

Duties will include establishing, maintaining and administering counterpart relationships for a broad range of products, and liaising with traders and credit personnel in London and Chicago.

The applicant must have experience as a credit analyst/manager preferably in metals and/or oils, be a self starter with good communications skills, and have an outgoing, flexible and confident personality.

Send detailed CV to:

Steve McCann
CRT Europe Inc
1-6 Lombard Street
LONDON EC3V 9AA

OR telephone 071-220 7041 for further information.

URGENTLY REQUIRED

Japanese Equity Salesperson for Europe and Scandinavia, based in London. The ideal candiate should have some relevant experience, existing business connections in Scandinavia and be willing to travel at short notice.

In addition the ability to speak one European and one Scandinavian language.

Send detailed C.V. and salary expectations to Box no H6407, Financial Times, One Southwark Bridge, London SE1 9HL

European Equities

Greenfield Opportunity

As part of a global strategy Nomura is committed to the development of a fully integrated international securities business. Having established a successful UK operation, we have recently appointed a Head of European Sales with a mandate to recruit a strong sales force specialising in the *marketing* of European stocks. The initial coverage will focus on German, Spanish, Italian, Dutch and French equities.

We are looking for salespeople with a minimum of eighteen months experience in European equities, seeking to realise their potential. *This is a greenfield sales* opportunity with the benefit of the company's highly respected proprietary research product and where originality and flexibility will be welcome.

Nomura can provide the right candidates with an environment where they can build a business base in *the long term*, earn a first class remuneration package and enjoy the security of working for one of the world's leading financial institutions.

Please send a full C.V. including salary details to:

**Nick Bennett, BBM Associates,
76 Watling Street, London EC4M 9BJ
or ring him on 071-248 3653.**

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DRIVERS JONAS
071 248 9731
30 Watling Street London EC4M 9JN

RISK MANAGEMENT - UK CORPORATE BUSINESS

UK Bank seeks candidate with appropriate accounting, banking and/or receivership management skills within risk management department. Principal responsibilities will be evaluation of borrowers accounting systems, financial analysis and identification of credit situations requiring action plus inspection of pledged security. The successful candidate will report directly to a member of the executive managment.

Candidates will need to have well developed credit evaluation skills and relevant experience. Successful candidates will travel extensively visiting domestic clients several days per week. The position will suit a candidate resident in the Midlands or north of London. Frequent direct contact with senior management will be required and excellent communicative skills are therefore essential.

The successful applicant will be offered a competitive salary together with all normal banking benefits.

Applications enclosing a detailed curriculum vitae should be addressed to Box No. A852, Financial Times, One Southwark Bridge, London SE1 9HL

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Our profile comprises services within strategy, marketing, HRD, management accounting, information technology, production management, and executive search.

Lisberg-CJ Management is a member of KPMG which is one of the largest consultancies in the world with more than 6000 consultants world wide.

We employ approximately 100 professionals and are planning for an aggressive further growth.

We expect that our new strategy consultant:

- Has been a consultant for at least 5 years
- Has international experience
- Has experience in conducting strategic analysis
- Has experience in managing strategic assignments
- Has a master degree in business administration
- Has relevant formal consulting training
- Is fluent in one of the Scandinavian languages
- Is about 35 years

Lisberg-CJ Management is offering a challenging job in a dynamic and professional innovative organization. The compensation and future career opportunities fully correspond with our requirements.

For further information please contact senior partner Jørgen Bræsk +45 42 86 88 11 to whom you should also send the application.

Lisberg-CJ Management

Savsvinget 7, DK-2970 Hørsholm

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Our client offers the widest range of investment services in modern headquarters in the City. They are also able to offer positions in existing branches or will establish new branches elsewhere for suitable people.

Package: Negotiable

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Location is Lausanne.

Please send your resume, in confidence, to:
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Our client is a major International Bank seeking to appoint an experienced and senior Trade Finance Manager to a key role contributing significantly to the Bank's business strategy.

The responsibilities will cover development and expansion of the Bank's trade related business in the UK and Europe and involve researching and implementing an active calling programme, preparation of proposed facilities and negotiation of terms and conditions.

The successful candidate is likely to be aged 35-45 with a proven and current record of marketing trade finance products to corporate clients, in addition to a background of demonstrated credit and risk assessment skills. Remuneration will reflect the importance of the position and a full benefits package is applicable.

For further details, please contact Frank Hoy, either by telephone or in writing.

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FOR

MAJEDIE INVESTMENTS PLC

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The Manager, who will be a member of the Investment Committee, will report to the Executive Director and will make an active contribution to the investment performance of the Company. This will involve contributing to the overall strategy, control and review of the portfolio.

The successful candidate will probably be aged 30-45 and essentially have relevant experience embracing a wide range of market sectors and geographical areas. Evidence will be sought of a progressive career record combined with a history of successful investment management. In addition to an attractive starting package there is, at the discretion of the Directors, a share option scheme after a qualifying period.

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The Chairman,
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10-15 Mincing Lane
London EC3M 3LS

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FINANCIAL TIMES

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Would like interesting employment - anywhere. Possible management side, Marketing manager or business assessor.

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INVESTMENT COMPANY LOOKING FOR FINANCIAL ANALYST

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Please send CV to Box A855, Financial Times, One Southwark Bridge, London SE1 9HL.

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An opening has arisen to join a small team based at the Group's headquarters at Thornton Heath near Croydon. The post involves the preparation, negotiation and implementation of non-recourse finance in support of the Group's projects both in the area of UK privately-financed infrastructure and for export contracts.

Applicants are invited from graduates with several years' experience of Project Finance in the UK probably gained in a financial institution; an ability for PC modelling is required together with a sound commercial approach to risk analysis.

If you have the presence to win credibility at senior levels, we will reward you with a competitive remuneration package.

Please send a CV (or telephone for an application form) to: Mr. N. Holt, Personnel Manager Group Centre, Balfour Beatty Limited, 7 Mayday Road, Thornton Heath, Surrey CR7 7XA, Telephone: 081-684 6922.

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The research led equity department of a fast growing dynamic international investment house with a seat on the Madrid Stock Exchange seeks a bi-lingual (Spanish-English), personable and creative equity analyst with at least one years experience following the Spanish Stock Market. This newly created position, acting as direct support to an active mutilingual sales team, requires extensive knowledge of the market, commercial flair and the ability to work under pressure. A generous package will be offered to the right individual. All replies will be treated with the strictest confidence.

Write to Box A1,
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The successful candidate will have gained a good degree and subsequently added 2-3 years relevant experience, perhaps including training in accountancy or an MBA. A thorough background in financial analysis and highly developed numerate and financial modelling skills are essential.

A highly competitive salary will be paid together with normal banking benefits. Career and salary progression would be based on performance. Please reply in confidence enclosing a full c.v. to:-

Peter Llewellyn, Assistant Director, Personnel,at Chartered WestLB Limited, 33-36 Gracechurch Street, London, EC3V 0AX or Telephone on 071 220 8547

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ACCOUNTANCY COLUMN

Figuring out the enigma of consultancy

By David Waller

HERE IS an enigma that troubles many a watcher of the accountancy industry: how is it that many of the big firms have managed to grow their consultancy business so successfully over recent years, even though the firms and their consultancy practices appear to differ widely?

There are few hard statistics on what is still a very fragmented industry.

Even so, it is clear that the demand for consultancy grew rapidly during the 1980s; that some of the UK's accounting firms very successfully jumped on the bandwagon; and that certain areas of the market look poised to carry on growing in spite of a dubious economic and political climate ahead.

Very rough figures assembled by the Management Consultancies Association suggest that the consulting market in the UK grew from some £44m in 1980 to approximately £580m in 1989.

Given that the top 20 accountancy firms alone generated consultancy fees of more than £500m last year, the consultancy cake is undoubtedly a lot bigger than that, especially if IT (information technology) consultancy is included. Andersen Consulting reckons that the market was worth a total of £4.3bn in 1989, rising to £7.7bn by 1992.

Ask the consultants working in the accountancy firms for an explanation as to why they have done so well and one will get any number of plausible answers.

Other types of consultants tend to be more sceptical: they argue, quite rightly, that growth in fee income does not necessarily equate with a rise in profits, masking instead the accumulation of overheads faster than sales.

Here are just a few of the reasons why the accountants have done so well:

● They have captive audit clients, to whom it has proved relatively easy to sell other services. The importance of that is downplayed by the accounting consultants. Coopers & Lybrand Deloitte, for example, says it wins 70 per cent of its consultancy business on the open market; Price Waterhouse, about 65 per cent.

Audit partners maintain long-term relationships with large corporate clients, giving the accountants an important marketing lead over other types of consultants.

● They, like other consultants, have benefited from the Thatcher Government's privatisation programme and the move towards "professional" management in the public sector. Although the heyday of privatisation is over, the public sector and the former public sector are still important sources of work for the accounting consultants, across a wide spectrum of different professional disciplines.

● More generally, the demand for consultancy work appears to be driven by change, and if there has been change in the public sector over the past decade, then there has been plenty of change in private-sector industry, too.

Accountants are well qualified to give advice to companies on how to contain costs or how to reform their costing systems to reflect the ideas of Professor Robert Kaplan and others, or on how old-fashioned accounting is leading to poor management in manufacturing industry.

● There is something about the culture of the firms that appeals to free-wheeling consultants. The argument often advanced here is that consultants are independent-minded who prosper within the loosely managed structure of an extended partnership.

In fact, when accountants first expanded into consultancy, huge tensions developed between the consultants and auditors, reflecting temperamental differences between cautious auditors and their gung-ho colleagues, as much as the fact that the consultants brought in more money.

In late 1988, such tensions led to the division of Arthur Andersen & Co into two separate operating units, one for consulting and one for everything else.

In spite of the cultural conflicts, lots of consultants clearly like working for the big accountancy firms.

● Although revenues from basic auditing have not grown very rapidly, they have at least been stable. Such a stable inflow of cash has been used to nourish the consulting business; specifically, to invest in the fastest growing business of the lot, IT consulting.

Other types of consulting firm are more dependent on erratic income from project work and thus have not been able to penetrate the IT market to the same extent.

According to Andersen, IT consulting was worth £1.8bn in fees in 1989, expected to grow to £3.4bn in 1992. Software products were worth a further £1.2bn, set to grow to £2.3bn; the computer operations and communications market was worth £0.8bn, and looks as if it will grow to £1.3bn.

The reasons for the growth in demand for IT services are manifold. In many industries, companies cannot be competitive without computers. In some, including banking, retail, financial services, *manufacturing*, a company's whole commercial future is dependent on getting the right IT in place.

Moreover, IT is expensive, and ill-educated managers find it difficult to understand – yet the pace of technological development means that it has to be upgraded frequently. No wonder there has been a growth in demand for advice from those who understand this vital but arcane area.

Andersen stands out as the pre-eminent accounting-based consultant: after all, it has been involved in IT since the first days of the commercially available computer.

All the firms are heavily involved in IT and it is that fact which explains the impressive growth in consultancy fees last year in spite of the slowdown in the economy: up 42.3 per cent for KPMG Peat Marwick McLintock; 36.2 per cent for Price Waterhouse; 29 per cent at Coopers Deloitte; by more than 40 per cent at Andersen Consulting.

The projected growth in the market coincides with a maturing of the so-called "general consulting" sector and – according to the accountants at least – the strategy sector served by the likes of McKinsey and Bain.

The result is a great deal of jostling for position between consultants of every different hue, with strategy and general consultants moving "down" into IT services, while software houses attempt to move "upwards" into the sectors served by the accountants. Meanwhile, the accounting-based firms are moving in both directions.

So consulting, specifically IT consulting, looks likely to drive the growth of the big firms for years to come. That might present severe management difficulties, for two reasons.

First, the straightforward auditing business is mature to the point of not growing at all, and the special work that kept offices humming is on the decline. Tensions will arise if all the profits for firms come from consulting.

Second, consulting and auditing are two very different businesses, with different economics and dynamics. It may have been convenient to yoke the two together under one roof during the 1980s, but will it remain so in the 1990s?

Mr Keith Burgess, head of Andersen Consulting, predicts that other firms will divide in two, as did Andersen in 1988.

Will he be proved right? Perhaps that is the sort of question one should put to a management consultant.

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Candidates must be qualified, computer literate accountants. Personal qualities should include strong communications skills, commercial awareness and a proven ability to lead and motivate.

To apply, please write to Mike Smith enclosing full career details, including current salary and quoting ref: JA/17.

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Immediate company growth is envisaged generating opportunities that will allow the successful applicant to progress to a Board Level appointment.

You should be aged 27-32, with some commercial experience outside Public Practice.

For further information, please contact ANDREW FISHER on 071 404 3155 at ALDERWICK PEACHELL & PARTNERS, Accountancy and Financial Recruitment, 125 High Holborn, London WC1V 6QA. Fax 071 404 0140

Alderwick and Peachell PARTNERS LTD

FINANCIAL CONTROLLER EUROPE

International Airline

London - c£23,000 + Airline Benefits

Our client is an international airline with a progressive plan of global development over the next five years. The company is split into five regional reporting operations worldwide and the new position of Finance Controller Europe has been created to support their European growth.

You will be responsible for all financial aspects of the business throughout the European network. The ability to maintain and develop management information systems is essential, particularly in providing high quality reports in both forecasting and reporting. Regular European travel will be necessary and there will be an additional need for international travel two or three times a year.

Candidates are likely to be aged 24-30, graduate Chartered Accountants with exposure to commercial reporting systems. A professional and forceful approach should be supplemented by strong technical and systems skills. This is an excellent opportunity to develop a career with a highly profitable organisation dedicated to rapid international growth. Experience in the aviation/tourism industry would be advantageous.

Remuneration package will be negotiable based on experience and ability, and includes the significant benefits associated with a major international airline.

In the first instance please call Jonathan Williams on 071 240 1040 to arrange an initial meeting, alternatively send a detailed resumé to him quoting Reference No: 10/853 to Morgan & Banks Search and Selection Plc, 114 St Martin's Lane, London WC2N 4AZ. Fax: 071 240 1052. Closing date for applications will be Wednesday 11 July 1990.

Morgan & Banks

LONDON WASHINGTON SYDNEY AUCKLAND

CENTRAL LONDON

c£45,000 + SHARE OPTIONS

Finance Director

Our client is a small entrepreneurial, publicly quoted group with diverse activities across a range of sectors. The group has exciting plans for significant expansion, by both acquisition and organic growth.

Responsible for all aspects of the finance function, and working closely with the Chairman and Chief Executive, you will enjoy a varied, high profile role involving close liaison with City institutions, investigation and incorporation of acquisitions and tight financial control of operating divisions.

Probably in your mid to late thirties, you will be a Chartered Accountant with a strong financial background including acquisitions experience, gained within a blue-chip environment. You must be well organised and have a lively, entrepreneurial personality. Other essential qualities are total commitment, a strong motivation to succeed and a sense of humour. You must be willing to take a hands-on role within a small, closely knit team.

Please send full personal and career details, including daytime telephone number, in confidence to Paula Hanratty, Coopers & Lybrand Deloitte Executive Resourcing Ltd, PO Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL, quoting reference 5399/FT on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

Appointments Advertising

appears every **Wednesday Thursday and Friday** (International Edition only)

For further information please call: **071-873 3000**

Jennifer Hudson ext 3607

Richard Huggins ext 3460

Stuart Maddock ext 3392

FINANCIAL TIMES

Financial Controller

City of London

c£37,000 + Car + Banking Benefits

Our client is an established international bank whose assets have grown five fold over the last ten years. This new appointment will be based at the bank's U.K. location based in the City of London.

Reporting to the Financial Director and managing a team of 4 staff, you will be responsible for the financial and management accounting of the branch together with treasury and operation functions. Additionally there will be balance sheet projects and ensuring tight financial controls are implemented.

Candidates should be qualified accountants, age indicator 28-35 years, with good inter-personal skills preferably gained within the financial services sector.

Commitment and enthusiasm are essential with an ability to be an active member of the professional management team. The attractive remuneration package includes usual banking benefits.

Please telephone or write enclosing a full curriculum vitae quoting ref: 427 *to:*

Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 071-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

NEW ZEALAND TELECOM OPPORTUNITIES

Telecom Corporation of New Zealand Limited is New Zealand's leading supplier of telecommunications services. Having carried out a major restructuring exercise to streamline its operations into strong commercial centres, the Corporation is poised to meet the demands of the fast growing deregulated Telecommunications sector in New Zealand.

It is now preparing to face intense competition across all of its ventures and is seeking to strengthen its resources in a variety of specialist areas, principally based in the North Island. Accordingly, the following opportunities are available but other telecommunications specialists should also reply.

Manager Internal Audit and Projects – Regional role involving the management of a small group providing the regional operating company with internal audit, systems, accounting and special project services. Graduate, ACA preferred, with ten years Telephone industry experience. **Ref. L516.**

Business Analyst – Regional role involving development and maintenance of financial models of the company, budgeting and forecasting. Business graduate with five years Teleco experience in operational and/or analytical roles. **Ref. L517.**

Regional Commercial Accountant – Involves designing and implementing commercial and financial systems, analysis of new business procedures and projects, and advising on commercial issues. Qualified accountant with sound knowledge of all aspects of a Teleco business including econonic cost benefit analysis of Teleco projects. **Ref. L518.**

Revenue Accountant – Regional role managing a small team responsible for customer and carrier revenue accounting. Qualified accountant with five years Teleco based revenue accounting experience. Strong computer skills and systems knowledge required. **Ref. L519.**

These positions require well experienced, self motivated people with excellent interpersonal skills who are capable of dealing with the demands of a fast changing telecommunications environment facing heavy demand for its services.

Remuneration packages will be negotiated to reflect experience and relocation assistance will be offered.

Please reply in confidence, giving concise career, personal and salary details to Michael Fahey, quoting the appropriate reference number.

Egor Executive Selection
58 St. James's Street
London SW1A 1LD (071-629 8070)

EGOR EXECUTIVE SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain · Sweden

FINANCIAL CONTROLLER

North West

To £30,000 +car +benefits

As financial controller of this £60m turnover manufacturing concern, an autonomous arm of a major household group, the successful candidate will be a key member of the general management team and have full financial responsibility for a wide ranging and developing business.

The role is broadly based and combines timely reporting, systems development matters and essential management accounting information, together with the provision of guidance and support to non-financial managers and the assurance of controls. There will be the additional need to ensure the profitable maintenance and enhancement of customers relations.

Applications are invited from qualified accountants, probably aged 30-40, who can demonstrate strong technical flair, experience of computer development and implementation applications, the ability to meet deadlines and a proven track record.

This outstanding vacancy is ideally suited to proactive, communicative and assertive individuals seeking continued career development opportunities within a highly regarded organisation.

For further information please contact Malcolm J. Hudson.

HUDSON SHRIBMAN
FINANCIAL RECRUITMENT

CORPORATE FINANCIAL EXECUTIVES

AGE: 24-27 · £NEG. + CAR

At Mercury Communications, we operate the only fully digital public telecommunications network in the UK. This allows us to provide many customer benefits. As a result our business and customer base, already firmly established in the market, is set to continue its impressive rate of growth.

To ensure we keep pace with this growth we are currently strengthening the small team of Corporate Financial Executives who advise our Finance Director. Therefore we are currently seeking a number of Financial Executives for a wide range of corporate roles including: investment appraisal, product line profitability and commercial and regulatory negotiations.

Based at our new offices in Central London *these positions require people with a flexible,* enquiring, and creative but practical mind; the will to succeed; excellent inter-personal and communication skills. We'll be looking for graduates, aged 24 to 27, with either an MBA and/or a recognised accountancy qualification. Your career to-date should have been with one of the following: a 'blue chip' *company; large consultancy or a 'big eight'* accountancy firm.

In return, we are offering a remuneration package negotiable dependent on experience, *a company car, 25 days' holiday, pension* scheme, BUPA and normal large company benefits. In addition, for the right candidate, our growth plans over the next five years offer excellent opportunities for career development.

Please send your career details to Geoff Harman, Personnel Manager, Corporate Services at:
New Mercury House,
Red Lion Square,
London WC1R 4HQ.
Tel: 071-528 2153.
Fax: 071-528 2137.

Mercury COMMUNICATIONS

POWERED · BY · PEOPLE

Financial Director

Lancashire **Up to £30K + Car**

Part of a British public group, this profitable company has sales of £12m. and an enviable position and reputation supplying manufactured materials to a wide cross-section of industries. The combination of high technical competence with an open style of management ensures that the company is always ready to push into new areas of business. The need has now arisen to recruit a Financial Director who can contribute to the business strategy as well as operate the financial function and compile control data.

Candidates should have a recognised accountancy qualification with several years experience in a manufacturing industry either as No. 2 in the large company or heading up the function in the smaller environment. They must be well used to computerised systems, ideally within a continuous process industry. Age is not too critical but 50 is likely to be the upper limit.

Salary will be within the range £27,500 – £30,000 and a bonus scheme is in operation. A fully expensed car is provided and there are the other parts of a package expected of a good employer.

Relocation costs necessarily incurred in any move to mid-Lancashire will be reimbursed.

Please write – in confidence – with full career details to D. A. Ravenscroft.

Ravenscroft & Partners
Search and Selection
20 Albert Square, Manchester M2 5PE

Financial Controller

Director Designate

HIGH WYCOMBE/BUCKS **C £30,000 + BONUS + CAR**

INTERNATIONAL FURNISHING FABRICS

This is an unique opportunity for a talented and energetic accountant, possibly with an MBA, to join Parker Knoll Textiles Limited a highly profitable major subsidiary of Cornwell Parker plc. The company is a market leader in the design and supply of premier branded home furnishing fabrics having significant export markets including two European subsidiaries.

Reporting to the managing director this new appointment is being created to strengthen the company's financial control and commercial management as well as to provide focus for its I.T. strategies.

You will be provided with a comprehensive financial accounting service by the centralised Group accounting function, also based in High Wycombe. Your key concerns will be gross margins, product/range performance, pricing policy, overhead control and stock levels together with the development of management information systems. You will have an extensive brief with significant scope for ingenuity and flair. Using a sophisticated mini computer and an Oracle 4GL you will develop I.T. strategies for the profitable further growth of this company for the 90's.

The right person will have a recognised accounting qualification and will be a rounded commercial person who is capable of contributing as much to the Company's overall business strategy as he/she will contribute to the specific financial role.

Interested? Please send full career details quoting current salary and stating how you would meet our requirements to D Simpson, Group Financial Controller, Cornwell Parker plc, The Courtyard, Frogmoor, High Wycombe, Bucks HP13 5DJ.

General Practice Partner

for London firm of Chartered Accountants

Age 35-45 from c. £150,000

Our client is a "Top 15" firm of Chartered Accountants which is seeking to recruit a General Practice Partner to take responsibility for sizeable client portfolios created by the rapid and consistent growth of the firm.

The role will be to take immediate responsibility, at full equity partner status, for fast-growing clients across a wide spectrum of sectors. Those appointed will be expected to offer, with the back-up of specialist partners, a broad-based service very much involving business and commercial advice.

Candidates should be able to demonstrate some years' experience at partner level in a medium or large accountancy practice. They should have commercial flair, positive outgoing personalities and be keen to be tested by new challenges.

Those able to bring with them an appropriate client following, either immediately or by loyal client "drift", would be welcomed but it is appreciated that this may not be possible, and is therefore not a prerequisite for selection.

In view of the highly confidential nature of this appointment, applications, including a full c.v., should be sent to Christopher Haan, Senior Partner, S. J. Berwin & Co., 236b Grays Inn Road, London WC1X 8HB marked "to be opened personally by". Details of applicants will not be divulged to our client without express permission.

CJA

RECRUITMENT CONSULTANTS GROUP

3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 071-588 3588 or 071-588 3576
Telex No. 887374 Fax No. 071-256 8501

Challenging opportunity for a Chartered Accountant to work at the commercial heart of one of the most dynamic and fastest growing Lloyd's Brokers. Excellent career prospects.

CJRA

EXECUTIVE ASSISTANT TO FINANCE DIRECTOR

CITY

PACKAGE C.£35,000

LEADING LLOYD'S INSURANCE BROKER

Our client has created this new position and we invite applications from Chartered Accountants who must have had between 18 months' and 3 years' demanding post qualification experience, ideally in the financial sector.

You will report to and work closely with the Finance Director of our clients' UK Lloyd's Brokers holding company and you will be responsible for working on a wide variety of projects, preparing special financial reports and analyses. There will be an emphasis on ad hoc assignments such as investigations, mergers and acquisitions and preparing special financial requirements for the Board, which will expose you to the core of this organisation's multi-faceted operations.

Essential qualities for this key appointment, apart from a strong academic record, will be drive, ambition, the ability to assess priorities and above all to make a significant contribution from an early stage.

The initial remuneration package will be negotiable c.£35,000 plus first rate large company benefits. Applications in strict confidence under reference EAFD/23468/FT will be forwarded to our client. If there are companies to whom you do not wish your application to be sent, these should be listed in a covering letter and the envelope marked for the atttention of the Security Manager: CJRA

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 071-588 3588 or 071-588 3576. TELEX: 887374. FAX: 071-256 8501.

Financial Controller

(Director Designate)

Southampton,

To £40,000, Bonus, Car, Benefits

Part of a dynamic group this company are a major force within the construction industry, they are now a national contractor and property group operating throughout the UK. The company is presently entering a very exciting and challenging stage in their development and now seek to appoint a highly talented finance professional. Reporting to the Managing Director the main responsibilities will include the direction of all finance and accounting matters, strategy, planning and budgeting. A qualified accountant aged over 30, it is essential that you are computer literate and presently holding a senior position with a significant company where first class business disciplines are applied. The successful candidate will be a highly self motivated person who is capable of supplying the highest quality of management information and advice within the finance function. In addition to the highly atttractive package, relocation assistance will be given where appropriate. It is envisaged that this position will lead to a board appointment in the near future.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *G.J. Deakin*, Hoggett Bowers plc, *13 Frederick Road, Edgbaston*, BIRMINGHAM, *B15 1JD*, 021-455 7575, Fax: 021-454 2338, *quoting Ref: B18171/FT*.

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

Partnership Secretary

Investment Banking

City c. £40,000 + bonus + benefits

Our Client is a small, successful UK investment banking business now structured as a Partnership. *It is engaged in the initiation and arrangement of mergers, acquisitions and other* corporate finance advisory work, predominantly in the financial sector. It has a high reputation and an impressive client list of major financial institutions, many of whom are based overseas. The work environment is both stimulating and entrepreneurial within a close-knit team.

The need has arisen for a Partnership Secretary to assist the Partners in the efficient day-to-day management of the Firm, with responsibility for the financial, regulatory, company secretarial and administrative functions.

Reporting to the Joint Managing Partner, the appointee will play a key role in managing and controlling the future growth and development of the business. Responsibilities include management of the Partnership's finances, accounting, tax and compliance matters, personnel, pensions and premises, as well as the company secretarial function.

Candidates must be qualified Chartered Accountants, or alternatively Chartered Secretaries or Lawyers with a strong financial bias, probably in their mid/late 40's, computer literate and having experience of a people business. Additionally, they should be "hands on" managers, commercially astute, and able to make clear and concise presentation of issues requiring decision.

Interested candidates who meet these criteria should send a comprehensive CV including current salary and a daytime telephone number quoting reference LM220 to Peter Sabine, Spicers Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

SPICERS EXECUTIVE SELECTION

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

U.K. FINANCIAL CONTROLLER

Central London c£45,000 + Car + Benefits

Recognised as one of the most prestigious names within the FMCG sector, our client, a subsidiary of one of the worlds most successful international groups has enjoyed unparalled growth, identifying and expanding niche markets worldwide.

Responding to this dynamic expansion they now seek to appoint a Financial Controller to head up their UK finance function. Reporting to the UK General Manager, you will be responsible for the development of operating plans, business strategy, and all key financial issues.

A graduate, qualified accountant, aged between 28-35, you will have gained first class experience within a Planning and Control function, ideally within an FMCG or retail environment, and will have demonstrated fast track progression within your career to date.

Additionally, you must possess the drive and personality necessary to succeed within this fast moving business environment.

Interested applicants should telephone Simon Hewitt on 071-437 0464, or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464

LLOYD MANAGEMENT

Commercial Role

FINANCE DIRECTOR

Herts/Essex

c£40,000 + car + substantial bonus

A long established service group with turnover c£200m, our client has recently been acquired by a dynamic and rapidly growing plc operating a decentralised management culture. Under the newly appointed Chief Executive it will undergo a major reorganisation to enable it to realise its full potential.

The Finance Director will play a vital role in determining commercial strategy which will include acquisitions. This will involve taking full responsibility for leading and strengthening the finance and IT functions with initial emphasis on increasing the sophistication of management information, so essential in a high volume business.

Applicants should be graduate qualified accountants aged 35/40, performance orientated with strong conceptual and communication skills. Success in this role will be rewarded by a substantial profit related bonus which could double basic earnings.

Please write, enclosing a full career/salary history and daytime telephone number, to David Tod BSc FCA quoting reference D/939/F.

LLOYD MANAGEMENT

Touche Ross

GROUP FINANCE DIRECTOR

North London **c.£65,000 plus bonus**

This PLC comprises 20 companies with a combined turnover of £80 million and it is one of the UK's leading manufacturers and suppliers of equipment and services for the construction and retail fitting out industry. A diverse group, it also undertakes a wide range of specialist contractor activities in offices, airports and public buildings of all kinds.

Due to rapid expansion the group now needs a Finance Director to work closely with the Group MD in the formation of future strategy and direction, and to restructure the group along more cohesive lines.

The role demands a proactive and creative approach from an independent and strong-minded individual. Candidates must be qualified accountants with experience at board level and the drive and commitment to effect change diplomatically and pragmatically. They must have the personal credibility to form good working relationships with the banks and City.

If this role appeals to you, please send a comprehensive cv, salary details and daytime telephone number, quoting ref 3145 to Vivienne Hines, Executive Selection Division.

MANAGEMENT CONSULTANTS 5th Floor, 52/54 High Holborn, London WC1V 6RL. Telephone. 071-353 7361.

HunterPrint

£40,000 + Car + Relocation

Northants

FINANCIAL CONTROLLER

Established some 25 years ago, HunterPrint Group Plc is a progressive, rapidly-expanding, commercial printing company, enjoying an annual turnover in excess of £90 million.

Committed to a programme of continued development, the company last year moved into highly-automated, custom-built factory premises. As a result of the associated expansion, they seek a dynamic, forward-thinking Financial Controller. Reporting to the Group Finance Director, you must be capable of assuming overall financial responsibility for its successful Magazine and Catalogue Division, currently responsible for some 55% of total turnover.

Ideally a graduate ACA, the successful applicant, aged 33-38, will be required to build an efficient, committed divisional finance team, whilst also overseeing a varied range of Group finance activities, including tax, statutory accounting and treasury.

This is an outstanding opportunity for an experienced, self-motivated professional possessing strong leadership qualities to take on an exceptionally broad-based management role within a company at the forefront of the UK printing industry.

The excellent remuneration package includes a salary which fully reflects the key nature of the position, together with executive car, pension, BUPA and company bonus scheme.

For further information, please apply directly to Alison Sorrie at Robert Half, Freepost BM2460, 63 Temple Row, Birmingham B2 4BR, or telephone 021-643 1663 (business hours) or 021-443 2569 (evenings). Alternatively, fax your details on 021-643 6170.

Financial Recruitment Specialists
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RH ROBERT HALF

Head of Programme Finance

London

c.£40,000 plus bonus, car & benefits

British Satellite Broadcasting operates five television channels via a high-powered satellite. £1.3 bn. of funding has just been completed. Major shareholders include Granada Group PLC, Pearson plc, Reed International P.L.C. and Chargeurs SA. The company is located at the Marcopolo Building, by Chelsea Bridge.

The Head of Programme Finance has a critical role, providing a full financial and management accounting function for all five BSB Programme Channels, and representing the interests of BSB in all major contract negotiations with Programme Suppliers and Contractors.

You should be a qualified accountant, probably aged between late twenties and mid thirties. You must have solid accounting knowledge and evidence of strong commercial awareness. Ideally you will already be working in the television industry and you will relish the opportunity to work for the largest television broadcaster in the UK. Your interpersonal skills will allow you to quickly gain the respect of demanding creative executives.

If you think you meet the requirements of this role, please write to Geoffrey Rutland FCA, ATII at the address below, quoting reference 1635F and giving concise career and salary details and a daytime telephone number, or phone him on 071-583 3303 (office) or 081-878 8395 (home).

BDO Consulting 8 St Bride Street London EC4A 4DA

BDO CONSULTING

BSB

5 Channel TV

ACCOUNTING MANAGER - OPERATIONS

W. Home Counties **c. £30,000 + car**

This career opening is offered by the autonomous European subsidiary of a US multinational - leading household name group - manufacturing and aggressively marketing a diverse range of well-known and highly successful consumer products. It enjoys an enviable record of growth and profitability achieved through far-sighted investment programming.

It is a strategic role requiring a young qualified Accountant, aged 27-32, ideally a graduate, who has at least 2 years' post-qualifying experience within a commercial or industrial environment. Technical competence and clearly identifiable senior management potential are of prime importance and the abilities to influence and effect change are equally essential.

Controlling a young well-motivated team through Supervisors, the position provides exposure to all aspects of a sophisticated management accounting function, including the provision of meaningful information and analysis on profitability, budgets, costs and forecasts to manufacturing, marketing and R&D. Emphasis will also be placed on further enhancement of the state-of-the-art MIS financial package.

Reporting in at Controller level, the role offers real potential within a successful international group operating at the focus of the European arena.

Salary is negotiable as indicated and the car will be fully expensed. Relocation costs will be met where appropriate and other benefits include pension and BUPA.

Please write enclosing CV or telephone for more details quoting ref: KD/832

The Career Partnership

Executive Selection & Recruitment Advertising

Lincoln House, Aviary Road, Woking, Surrey GU22 8TH
Tel: 09323 52558 Fax: 0932 336330

LONRHO

OPERATIONAL REVIEW – INTERNATIONAL BUSINESS ENVIRONMENT

£25-£30,000 + Car **London, N.W. England, East/Central Africa**

With Group turnover exceeding £5 billion and pre-tax profits of £273 million, 1989 proved to be another successful year for Lonrho. Truly multi-national, the Group operates through some 1000 companies in around 100 countries. Diverse and highly decentralised in nature, business interests include mining, agriculture, engineering, printing and publishing, vehicle and freight distribution and hotel and property management.

A number of opportunities now exist for ambitious, qualified,young Accountants to strengthen the Group's operational review function. With emphasis on commercial involvement and "business audit", *the team provides commentary to head office on autonomous operations* and gives practical advice on problem solving.

Individuals are given sole responsibility for assignments and, working closely with local line Management, are able to make a major contribution to the profitability and future growth of the operating companies. Liaising at all levels, and gaining exposure to a broad range of businesses, the positions are *seen as excellent entry points into a progressive* organisation in which long-term career prospects exist.

Aged 26-32, and qualified, you should have a thorough understanding of audit techniques either within a professional or commercial environment. The role embraces more than pure audit, and consequently you must possess the ability to communicate effectively at all levels and *to apply practical and viable solutions to a wide variety of commercial* and operational problems.

For vacancies in **London and Africa** please apply directly to Penny Ridgett at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 071-836 3545, or evenings on 081-853 4009. Alternatively, fax your details on 071-836 4942.

ROBERT HALF

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester
Bristol · Leeds · Southampton · Brussels · USA · Canada

For vacancies in **N.W. England** please apply directly to Andrew Mackie at Robert Half, Freepost, Brook House, Spring Gardens, Manchester M2 8BA Telephone: 061-236 0101, or evenings on 061-905 2410. Alternatively, fax your details on 061-236 1024

IFAD

International Fund for Agricultural Development (United Nations)
(Rome, Italy)

Seeks

INTERNAL AUDITOR

RESPONSIBILITIES: *The incumbent reports to the President and is responsible for the internal audit of IFAD's financial,* operational programme of work based on the need for auditing activities on a rotating basis, e.g., cash, investments and investment income, administrative budget expenditures, loan and grant disbursements, loan income and repayments; coordinate annual programme of work with that of external auditors; develop audit programmes; participate in audits, plan and supervise work of internal audit staff; prepare audit reports, recommend improvements in internal controls, accounting and administrative procedures; monitor implementation of audit recommendations and propose action; conduct special studies and reviews; develop standards for the conduct of internal audit; perform other related duties as required.

QUALIFICATIONS: Recognized professional accounting qualification or University degree in a related field. Ten years experience in auditing, of which five should be at management level, preferably in a financial institution or an organization of the U.N. system. Full command of English, knowledge of Arabic, French or Spanish would be an advantage.

SALARY & BENEFITS: IFAD as part of the United Nations common system offers competitive international salaries, benefits and allowances.

DURATION: 2 year fixed-term.

DATE OF ENTRY ON DUTY: as soon as possible subject to finding arrangements.

Please send detailed résumé to:

Personnel Division
IFAD
Via del Serafico 107
00142 ROME
Italy

Closing date for application: 7 August 1990

Only shortlisted candidates will receive an acknowledgement.

Financial Strategist for Major International Group

CORPORATE FINANCE DIRECTOR

Our client is an expanding major group with extensive international operations. This dynamic Group has a strong reputation for aggressive, 'financially driven' management which has made it a market leader in its service sector.

Continuing organic and acquisition led growth combined with an increasingly complex financial and legal structure has created the need to recruit a *Director of Corporate Finance.* Reporting to the Group Finance Director and managing a small team, your responsibilities will include:

- managing acquisition and disposal programmes
- working capital review and controls
- capital structuring
- project managing a series of on-going profit improvement and strategic issues
- co-ordinating longer term Group plans and projections.

As a key member of the head office team you will gain exceptional exposure to this fast moving, ever-changing business which should provide you with a springboard to a financial directorship or other senior commercial role within 18-24 months.

You will be a Qualified Accountant (and/or MBA) with an analytical and creative mind who has gained high-level corporate finance experience, ideally with an international flavour. You will also be a team player with a flexible, committed approach combined with good communication skills.

Interested candidates should write enclosing a current CV and salary details to *Harry Chryssaphes, Director at: FMS, 14 Cork Street, London W1X 1PF.*

Thames Valley
early to mid 30's
neg. c £60,000
+ Bonus + Car
+ Share Options

FMS

FINANCIAL MANAGEMENT SEARCH AND SELECTION SPECIALISTS

Assistant To Group Chief Accountant

International Engineering Group

London,

c £28,000, Car, Benefits

This is a first class opportunity for a qualified ACA or ACCA, now ready for a challenging high profile role in a highly successful and profitable engineering and services company, part of a major UK plc.

Working in a small, professional Head Office team, you will be involved in consolidations, preparation of statutory accounts and reporting packages and a variety of ad hoc projects. You will also be assisting with the running of a state-of-the-art financial software package, and within a short time will be expected to lead a young, dynamic team.

You are likely to be a graduate, in your mid-late 20's, with around 2-3 years post-qualification experience. A high degree of computer literacy is essential, together with excellent technical skills, personal presence and ambition.

A competitive, negotiable salary is complemented by a comprehensive benefits package, and excellent career prospects, both within the company internationally and in the parent group.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *M.A. Grant*, **Hoggett Bowers plc,** *1/2 Hanover Street,* **LONDON,** *W1R 9WB,* **071-734 6852,** Fax: 071-734 3738, *quoting Ref: H27035/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

HEAD OF FINANCE

An Executive Group role
Financial Services – Edinburgh
Outstanding remuneration package

ESTABLISHED FOR over 150 years, our client is one of the most respected financial institutions in the UK and is now in the process of making a fundamental change in its approach.

Market opportunities are leading to the introduction of a wide variety of new products, the development of new distribution channels, including joint ventures, and an aggressive drive into other European countries. In addition, the Financial Services Act requires the publication of the costs of administration for products, and organisations who can minimise these overheads will create significant competitive advantage.

The company therefore wishes to add to the Executive Group a top flight financial manager, who will report to the Chief Executive and take responsibility for the entire finance function. The two primary tasks are to help managers increase profitability by continually improving the process of budgeting and management accounting and to assess future strategies and possible joint ventures.

Candidates (male or female) will be chartered accountants ideally with experience of financial services, but certainly with a career which clearly demonstrates leadership in a changing complex environment.

The remuneration package is pitched to attract the highest calibre of applicants, and includes a high base salary, bonus, excellent non-contributory pension scheme, subsidised mortgage and Jaguar or equivalent.

To apply please send a detailed CV, stating salary requirement, to Douglas Kinnaird, CA. quoting **Ref: 4417/FT. PA Consulting Group,** Number Two Blythswood Square, Glasgow G2 4AD. Relocation costs will be reimbursed if appropriate. No details will be divulged to our client without candidates' consent.

PA Consulting Group

HUMAN RESOURCES

Creating Business Advantage

Executive Recruitment · Human Resource Consultancy · Advertising and Communications

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WEST OF LONDON

c.£40,000 WITH BONUS AND CAR

Financial Controller

This newly established company is a subsidiary of a major international high technology group and is predicting an exciting future. Its mission is to create a substantial data communications network which will extend around the world, capitalising on existing group contacts and technology.

A number of key executives are already in place and the need now is for a Financial Controller who will establish high quality accounting and reporting systems. Billing, tariffs and costing will be of particular importance and you will work closely with senior executives elsewhere in the group.

For a qualified accountant with good systems development skills, probably gained with an international company, this is a challenging opportunity to introduce your own ideas in the rapid development of an international operation. For the right candidate rewards and prospects will be excellent both within this company and the group.

Please send full personal and career details in confidence to Edward Simpson, Coopers & Lybrand Deloitte Executive Resourcing Ltd., 76 Shoe Lane, London EC4A 3JB, quoting reference ES718 on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

Management Information Systems and Finance Manager

Birmingham **To £27,000 + bonus + car**

Birmingham Training and Enterprise Council has been established in order to coordinate, develop and market a comprehensive training service for local industry and commerce. Close cooperation with employers and external training providers will ensure that the present and future skill demands of the labour market are effectively addressed.

Reporting directly to the Chief Executive and working closely with other senior managers will enable you to play a key part in commercial management and strategy formulation. Managing a team of 30 staff, you will assume responsibility for all aspects of finance, accounting, systems and personnel. In particular you will focus on the development of effective financial control and performance measurement procedures and systems.

A qualified accountant, ideally in your early 30s, you should have practical experience in the development and implementation of computerised management information systems. Previous experience in a service oriented organisation would be an added advantage.

A high level of commitment and well developed inter-personal and communications skills are pre-requisites.

Please send full personal and career details in confidence to Stephen Bailey, quoting reference F1009B at Ernst & Young Search and Selection, PO Box 1, 3 Colmore Row, Birmingham B3 2DB.

Ernst & Young

SEARCH AND SELECTION

DEPUTY FINANCIAL CONTROLLER

Central London — Aged 26-32 — c£28,000 + Car

Our client, Business International, part of the Economist Group, is a unique and internationally renowned publishing, research and consulting firm. With publications aimed at specialist segments of the market, it has had increasing international involvement, year on year, for the last decade.

The need has arisen for a high calibre accountant to undertake an influential role within the Finance Department.

Specific responsibilities will include: preparation of management accounts for key segments of the business, performance review and analysis, playing a leading role in the development of budgeting and planning information systems and the supervision of up to ten staff.

This exceptional opportunity requires someone with the drive and flair to identify and initiate change. The ideal candidate will be professionally qualified with strong management accounting skills and experience of staff supervision. Equally important are a confident *personality and the ability to liaise at a high level* and meet tight deadlines.

The salary reflects the importance of the role and additionally there is a generous benefits package including profit share.

Interested applicants should call Joanna Pearson on 071-437 0464, or write, enclosing a detailed CV to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464

TREASURY EXECUTIVE

MAJOR INTERNATIONAL GROUP

N.W. London — *c £25k + car + benefits*

A major international group with a turnover of £3.6bn and market capitalisation of £2.9bn seeks a Treasury Executive to join its highly active and innovative Treasury team.

Reporting to the Assistant Treasurer you will be handling a range of products in order to manage a multi-currency debt portfolio in excess of £1.5bn. This will require you to use bilateral credit facilities, a Multi Option Facility, Commercial Paper, Swaps and FRA's and to deal in Sterling, Deutschemark, Dollar, ECU and other currencies. You will also be required to manage the U.K. daily cash position, and to analyse debt and debt products.

You will be over 25 and educated to a degree level or equivalent. You will have spent at least two years in the Treasury Department of a major company where you have had dealing experience in foreign exchange and/or debt. You will be analytical, have good interpersonal skills and be adaptable to the demands of this challenging role.

An attractive remuneration package is negotiable according to qualifications and experience. Performance will be rewarded and there are excellent opportunities for career development.

Our client wishes to remain confidential at this stage. Would you therefore please initially send your C.V., quoting reference 1872 to the Confidential Reply Service Manager, Publicity Management Recruitment Limited, 39-41 Gray's Inn Road, London WC1X 8PP.

Please list separately any companies to which you do not wish your response to be forwarded.

All interviews will be held by our client.

CONFIDENTIAL REPLY SERVICE

PMR

Audit Manager - Europe

Major US multinational seeks next generation of financial managers for subsidiaries throughout Europe and worldwide

BRUSSELS

Excellent Tax Efficient Salary Plus Benefits Plus Car

This company has manufacturing operations in most European countries. With 40,000 employees in this *region and sales of US$3.5 billion* - opportunities for achievers are unlimited.

The European Audit team is seen as the priority route for promotion into these roles. It has 15 members, drawn equally from public practice, industry and commerce. This active policy of Internal Advancement has resulted in several promotions to middle and senior management (line functions) in the last year. Due to a recent promotion, they now seek an Audit Manager - Europe.

Based in Brussels, and reporting to the Regional Audit Manager, you will be responsible for supervising professionals in the conduct of financial and operational audits, as well as assisting in the management of the European regional office, including budgeting, scheduling, training and recruiting.

Candidates should be graduate Chartered Accountants or hold an MBA degree, aged 30 to 36, and have a *minimum of eight years relevant experience. Fluency in English and at least one other language, along* with a willingness to travel (40% content), are required.

This is a high profile appointment, dealing with top-level international management. Remuneration will include an excellent tax efficient salary and a fully expensed company car.

Interested candidates should write in confidence to **Nicholson International** (recruitment consultants), **142 Buckingham Palace Road, London SW1W 9TR** quoting reference 9123, or fax details on **071-823 6835** or call directly on **071-730 8910** for an initial discussion.

NICHOLSON INTERNATIONAL

A LONDON MANAGEMENT CONSULTANCY OFFERS EXCITING OPPORTUNITIES AND COMPETITIVE RENUMERATION FOR PROFESSIONALS EXPERIENCED IN:

ACCOUNTING
- Qualified / experienced accountants.
- Accountants with fraud and liquidation expertise.

SECURITIES
- Individuals with general operations expertise at all levels.
- Individuals with share registrar and transfer experience especially at a senior managerial level.
- Individuals with Unit Trust administration expertise.

Please write to Box No. A866, Financial Times, One Southwark Bridge, London SE1 9HL

Group Financial Director

Construction Industry

c. £40,000 + bonus + share options — West Midlands

Our client, a plc with turnover approaching £20 m., provides a broad range of services nationally to the building industry. Substantial growth of recent years, both by acquisition and organically, is projected to continue at the same hectic rate.

In this new appointment, you will work closely with the Chief Executive to achieve profitable growth through decentralised regional businesses. You will contribute to group strategy and be accountable for overall financial management of the business including the planning, budgeting, management control and business review processes.

Probably aged 30-40, you must be a qualified accountant with senior 'hands on' financial management experience which includes a demonstrable record of profit improvement within a fast-moving business, ideally but not essentially in the construction sector. It is vital that you have the personal development potential and drive to keep pace with the group's growth ambitions.

Please write - in confidence - with full career and salary details to Ian Simons, quoting reference B.27003, MSL International (UK) Ltd, 32 Aybrook Street, London W1M 3JL.

MSL International

Finance Director

Substantial Private Group

South East — Excellent Negotiable Salary & Participation Package

Our Client is a well-established privately-owned organisation with a sustained record of profitable growth. Current annual revenues exceed £50 million from several distinct but market-interrelated business *activities, each of which holds a leading position in its* field. Strongly financed, conservatively geared and located on the S.E. sector of the M25, our client is ideally placed to react to new growth opportunities. The new position of Group Financial Director has been created to play a pivotal role in this future strategy, Group financial direction and control.

Unbureaucratic and entrepreneurial, the Company owes much of its success to its flexibility and fast response to market changes. As Financial Director, you'll need the spirit, vision and intellectual calibre quickly to assess new situations and to provide innovative solutions. The first major task will be to complete the integration of the diverse accounting and MIS needs of the Group companies – ranging from volume warehousing and distribution of imported equipment to contracting. The dual operational and strategic responsibilities will also include all Group financial administration and controls, advice on joint ventures, acquisitions and new initiatives. You will control a staff of about 40 people.

A graduate FCA in your 30's to early 40's, you'll have *proven experience of man-management at or near board* level. This will preferably have been gained in companies of similar size and culture where good communication, negotiating skills and technically sound, pragmatic advice have been regarded as your forte. A strong awareness of modern IT methods and prior experience of mini-based systems introduction will be essential. Salary will not be a constraint for the right person and you are likely already to be earning in excess of £50,000 p.a.

You are asked to write initially, in complete confidence, to myself as Selection Adviser to the Organisation, quoting reference number 1145.

LICHTIN Associates

Paul Lichtin
Lichtin Associates Ltd.,
Compton House
20, Selsdon Road
Croydon CR2 6PA

Financial Analyst

International Bank

City — c£27,000 + Car + Benefits

A challenging opportunity has arisen for a young Chartered Accountant to join the London Office of an emerging International Commercial and Merchant Bank. With European offices in London and Amsterdam the bank is actively engaged in extending its Continental interests through London and this opportunity provides a unique entry into the early stages of the bank's development.

Reporting to and working alongside the Senior Vice President, the Financial Analyst's brief is broadly based and will offer direct exposure to a diverse range of financial products and to many forms of International investment and lending. The role will be directed toward business development and the financial review of lending proposals which will necessitate developing a close relationship with other financial institutions in the city and overseas.

The ideal person will be aged 25-28 and will have qualified, with a strong academic record, from a major public practice firm. Additionally, personality, energy and creativity are of paramount importance.

For further details contact Charles Cotton, on 071-831 2881 or write with CV to: ASA International, Vernon House, Sicilian Avenue, London, WC1A 2QH.

ASA International

FINANCE DIRECTOR DESIGNATE

London SW8 — *Package to £35,000 plus car*

Wentworth Import and Export Limited is the UK operating subsidiary of The Albert Fisher Group PLC specialising in the importation and distribution of fresh fruit and vegetables.

The company has grown rapidly in recent years and with this expansion set to continue they wish to appoint a Finance Director (Designate), reporting to the Managing Director, who will contribute to the further expansion of the business, assisted by the present Company Accountant.

The successful candidate will be responsible for the day to day control of a busy accounting and administration department covering all aspects of the companies activities, getting involved at a detailed level when necessary. Responsibilities include:-

- *Preparation and Interpretation of monthly management accounts, both for local management and Group Head Office, within tight reporting deadlines.*
- *Year end accounts.*
- *Control of cashflow and the treasury function in a multi-currency environment.*
- *Budgeting and forecasting.*
- *Assessing the company's information requirements and installing systems to meet those requirements.*

Applicants must be fully qualified with sound managerial and communications skills. Personal attributes will include self-confidence, motivation and a commitment to achieving results of the highest quality. Experience of operating in a trading environment would be beneficial but is not essential.

Applications in confidence enclosing a C.V. to David Cranmer, The Albert Fisher Group PLC, Cippenham Lodge, Cippenham Lane, Slough, Berkshire SL1 5AN

WENTWORTH

Kingspan group plc

FINANCIAL CONTROLLER

Kingspan Group plc is a progressive, dynamic company and a leading manufacturer in the UK of specialist building components and insulation products for the home and export markets. Due to increased activity and expansion we have vacancies in two of our divisions for Financial Controllers.

BUILDING PRODUCTS DIVISION

Kingspan, based in the West Midlands, is the market leader in insulated panels in the UK. The Group is now investing in this division as part of its strategy to consolidate its market position, extend its product range and expand its market in Continental Europe.

THERMAL INSULATION DIVISION

The Group, through Shelter-Plaschem at Pembridge in Herefordshire, recently acquired the insulation board division of BPB and is now the market leader in the UK in thermal insulation boards where it now operates out of two plants.

The successful candidates will take charge of the total accounts function for the relevant division in the UK and will be part of a small management team charged with controlling, developing and expanding the division in line with Group policy. Preferably, candidates should be qualified but above all should be self-starters, have initiative and an ambition to grow and develop a successful career along with the Kingspan Group.

Kingspan Group plc is an equal opportunities employer.

Application with C.V. to:
Finance Director,
Kingspan Group plc,
New Road, Dudley,
West Midlands DY2 9AZ.

FINANCIAL CONTROLLER

Ambitious Manufacturing Group

North West **£28-30,000 + bonus + car**

With turnover over £10 million, our client Group of companies has already implemented the first phase of its expansion plans by investing extensively in plant and premises. From this solid base, and with its proven success in design and marketing its products, the Group anticipate rapid growth of both core business and new product development.

At this important stage of the Group's development, the Managing Director wishes to appoint a Financial Controller, with a wide-ranging brief. The immediate priority will be to undertake an overall review and upgrade of current systems. You will help improve the timing and quality of management information by establishing tight financial controls and providing leadership to your financial team. In the longer term, yours will be an important voice in strategic matters.

To succeed here, you will be a commercially-minded qualified accountant who enjoys a "hands on" technical involvement in a broad financial role. Sound manufacturing experience and good PC skills are essential. This rapidly-expanding and diversifying Group is able to provide excellent long-term future prospects, including directorship for the successful candidate.

Please apply to our Manchester office where your contacts are Audrey Shaw and Dudley Harrop. **Ref M406**

ASB RECRUITMENT LTD

Amethyst House, Spring Gardens, Manchester M2 1EA. **Tel: 061-834 0618** Fax: 061-832 9123

Also at: Birmingham, Leeds, Liverpool and Nottingham

A Division of ASB Barnett Ringings Plc

FUND RAISING DIRECTOR

DUBLIN BASED **IR£40k NEGOTIABLE**

Co-Operation North aims through managed co-operation to break down the barriers of misunderstanding and mistrust between the two communities North and South, on this island. It is a non-political, non-governmental organisation with offices in Dublin and Belfast. We have been retained to recruit a Fund Raising Director.

The person appointed will be responsible for designing and implementing a fund raising strategy for the Republic of Ireland and for directing the activities of the Fund Raising committee. Negotiation of corporate sponsorship, presentation for funds to various bodies and maintenance of contact with current and potential donors will be important elements of this key position.

Candidates in the 35 to 50 year age group should have a professional or third level qualification. They should have a demonstrable track record of achievement and be experienced in marketing or public relations and management. Strong interpersonal and communications skills together with drive, initiative and tenacity will be hallmarks of the successful appointee.

An attractive remuneration package, with the salary indicated, together with a highly performance related bonus element, will be negotiated with the successful candidate. A company car will be provided and it is envisaged that this appointment will be for an initial three year contract.

Candidates should send full personal, career and salary details to Sean Gannon at Stokes Kennedy Crowley Management Consultants, 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland, quoting Reference Number 4052.

KPMG Stokes Kennedy Crowley

PQE

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S. BUCKS c£30,000+car

Financial Controller

Recent promotion at this specialist electronic equipment manufacturer has created an excellent career opening for a young ACA/ACCA/ACMA with sufficient commercial experience to control a fast expanding business (c£15m t/o). This man-management role reporting to the MD, provides advisory support for overseas subsidiaries and offers control of a profitable US subsidiary. Ref: 26206A4

Contact The Manager at 103 High Street, Maidenhead 0628 72932 Or the PQE Specialist advising on this appointment on 071-489 9997

W. LONDON c£40,000

Managing Director

This rapidly growing advertising design company currently requires an ambitious and self-motivated Accountant, with commercial and entrepreneurial skills, to establish this new position - the key aspect being policy development to consolidate existing business and initiate new sector growth. Outstanding package. Ref: 18A010

Or the PQE Specialist advising on this appointment at 76 Cannon Street EC4 on 071-489 9997

READING £25,000+car

Systems Accountant

Reporting to the Financial Controller of a multinational telecoms group, this opportunity involves the development and implementation of corporate systems relating to sales accounting. As a recently qualified, you will be given an overview of a dynamic hi-tech business, enhancement of your existing skills and excellent prospects into a generalist or specialist role. Ref: 25216A3

Contact The Manager at Unit 3, Brunel Arcade, BR Station, Reading 0734 585588. Or the PQE Specialist advising on this appointment on 071-489 9997.

KENT c£29,000+mort sub

Senior Project Manager

Opportunity for an analytical Accountant to assume responsibility for the development of financial controls and procedures from feasibility to implementation. Supervising 6 staff, in a computerised environment using McCormack and Dodge software, you'll liaise with DP Departments and software suppliers. Offering an unbeatable remuneration package, this financial services group want to attract first-class professionals. Ref: 16206A3

Contact The Manager at 104 The Broadway, Bexleyheath 081-304 8211 Or the PQE Specialist advising on this appointment on 071-489 9997

N. SURREY c£26,000+car

Financial Controller

This key position in a major customer services plc requires a commercially aware ACA seeking a fresh challenge with staff management responsibility. Reporting to the FD, you will supervise c10 staff, prepare the monthly management reports, control systems, produce budgets/forecasts and oversee balance sheet accounting. Bonus scheme. Ref: 40216A4

Contact The Manager at 1 Cambridge Walk, Camberley 0276 22232 Or the PQE Specialist advising on this appointment on 071-489 9997

S. LONDON c£28,000+car

Financial Controller

A trebling in t/o over the past three years, which is expected to double in the same period, means this international manufacturing subsidiary needs an Accountant to assume responsibility for the company's finances. Able to motivate and lead a team of 5 to deal with anticipated growth, you will report directly to the Managing Director. Ref: 3017045

Contact The Manager at 5 Wimbledon Bridge SW19 081-947 6271 Or the PQE Specialist advising on this appointment on 071-489 9997

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FINANCIAL TIMES

CEMENT AND SHIPPING GROUP CHIEF ACCOUNTANTS

ATHENS, GREECE
TILBURY, ESSEX

ATTRACTIVE EXPATRIATE TERMS & BENEFITS

Our Company, a Cement and Shipping Group, is seeking to recruit two qualified accountants to be based at our headquarters in Athens. We also require a qualified accountant to work at one of our UK Company's based in Tilbury, Essex.

Reporting to the Group Finance Director, your responsibilities will include:-

- Preparation of consolidated accounts.
- Management reports and budgetary control, and
- Development of M.I.S.

The posts would suit qualified accountants - ideally with previous overseas experience in shipping and trading. The candidates are expected to travel to various countries where the Group operates. French and/or Italian would be an advantage, but not a requirement. Experience in consolidation and working in a computer environment is also required.

Please send full personal and career details to: G.B. Santchurn c/o Lambal Ltd., 40-46 Headfort Place, Belgravia, London SW1X 7DH

Finance Director

Highly Profitable Construction/Contracting Group

Swindon ***c. £40,000 + Executive Car + Bonus***

Our client, a privately owned £20 million group, is a profitable and established force in the construction/contracting arena, operating predominantly along the M4 corridor and benefiting from a strong client base.

In order to realise their ambitious growth plans, they now seek a highly motivated accountant, probably aged over 35, to join the Board. This is a challenging hands-on role, in which you will manage the finance function and take responsibility for the provision of timely, accurate management information in addition to refining and upgrading the Group financial systems.

As professional credibility is more important than formal qualifications, it is essential that you have had experience in the construction/contracting industry or a related field. This should be combined with sound commercial judgment and foresight as you will play a key role in enhancing and directing the group's future strategy.

For further details of this Board appointment please contact Andrew Livesey on 071-404 3155 or write to him at Alderwick Peachell & Partners, 125 High Holborn, London WC1V 6QA. Fax: 071 404 0140.

Alderwick and Peachell PARTNERS LTD

Statutory Tax Accountant

Home Counties **To £30,000 + car**

This large international organisation is engaged in the design, development and implementation of a comprehensive range of IT systems and services. Restructuring and a focus on key market sectors will provide a strong base for future expansion during the 1990s.

Reporting to the Group Controller and operating as a key member of the small central finance function, you will provide specialist advice and guidance on taxation and related statutory accounting matters. In addition, you will assume responsibility for the on-going review and enhancement of accounting policies and procedures to ensure compliance with UK legislation and standards.

A qualified accountant, aged around 30, you should possess relevant taxation experience gained in industry, commerce or the profession. Exposure to a fast-moving plc or multi national environment would be an added advantage. Excellent technical knowledge should be supplemented by a lively manner, dedication and good communication skills. Prospects will exist for career development and progression in both UK and overseas operations.

Please send full personal and career details in confidence to Stephen Bailey, quoting reference F1010B at Ernst & Young Search and Selection, PO Box 1, 3 Colmore Row, Birmingham B3 2DB.

Ernst & Young

SEARCH AND SELECTION

Director of Finance

c.£40k plus car (potential to £45k+)

An exciting and challenging opportunity to develop financial strategies to maximise an annual turnover of approximately £30m, and as a member of the Board of Management to contribute to the strategic planning and development of the commercial and administrative systems of the Polytechnic. The Director will be the operational Head of the Finance Department and will manage the Polytechnic's resources.

Applications are invited from qualified accountants who are probably also graduates. Experience at a senior level of a commercial or public sector organisation is essential, and within Higher Education an advantage.

Applications to Mr. G. D. Miller, Secretary & Registrar, Polytechnic of East London, Romford Road, Stratford, London, E15 4LZ quoting reference 43/A/90, from whom further information may be obtained. Tel: 081-518 9632.

Closing date 20th July 1990.

The Polytechnic is an Equal Opportunities Employer.

POLYTECHNIC OF EAST LONDON

Bata

The Bata Shoe Organisation is the leading marketer and manufacturer of footwear, with more than 6000 stores and 70 factories, employing 70,000 people around the world

Bata Nigeria Ltd, is a public company, employing approx. 1500 people, manufacturing leather, canvas and direct Injection Footwear. Its Marketing activities consists of retail, wholesale and dealer operations.

CHIEF FINANCIAL OFFICER

- *Preference will be given to candidates with a university degree related to Finance and Administration and C.A. or equivilant designation*
- *The candidate should have a minimum of 5 years experience, preferably at an international level*
- *This is an interesting opportunity for a self-starting professional who see's a challenge in working in an international environment.*

The company offers commensurate remuneration and attractive benefits package along with good career opportunities with the Bata Shoe Organisation

Please write to: Bata Nigeria Ltd., c/o Mr. J. Graham, Managing Director, The British Bata Shoe Ltd., East Tilbury, Grays, Essex. RM18 8RL ENGLAND

Are you over 45?

- and maybe a little disilusioned?

If you are a qualified accountant with a strong commercial background, preferably in a retail company or with a supplier to the retail trade, we may be able to offer you an escape from company politics and an opportunity to reap the rewards of your own efforts.

We are a small group of self-employed professionals (just 19 of us) carrying out a unique service for our clients, including almost all the country's leadng retailers, reviewing for overpayments made in previous periods with fees based entirely on recoveries made. Amounts recovered are frequently very significant and after seven years' experience, we rarely now find a review is unproductive. It is challenging and rewarding work, sometimes frustrating, often fun! Average gross fees earned last year were over £60,000.

We currently have a specific requirement for someone resident in Leicester/Northampton area. If you have the positive, lively, self-motivated approach necessary for this work, please send c.v. in confidence to Peter F. Bennett, Ardenoak House, 101 High Street, Tring, Herts.

YOUNG FINANCE DIRECTOR

.... with the enthusiasm to contribute to profit growth

Salary c £32K + bonus **Hampshire**

Are you a changemaker with high expectations who can work well in a first class team?

Apollo Fire Detectors Limited, a member of the Halma group of companies is the leading UK professional fire detector manufacturer. Over five years, sales have tripled, the company has won two Queen's Awards to Industry and it has launched many new products. And we plan that this growth will continue!

You will be a qualified accountant, probably ACA of above average ability and able to demonstrate success in your career. You must be enthusiastic to make a personal contribution to shaping the company's future and to provide the professional financial support to an ambitious and dynamic board which operates with a substantial degree of autonomy.

This is an exceptional opportunity for a high calibre accountant who is familiar with computer systems to assume responsibility for the entire finance function of an expanding company. Please apply in strict confidence, or telephone for further details to

Mr P A Tett, Director, Halma plc, Misbourne Court, Rectory Way, Amersham, Bucks HP7 0DE. Tel 0494 721111

apollo FIRE DETECTORS LIMITED

UK FINANCE DIRECTOR

Central Trailer Rentco is a major part of the successful and dynamic Tiphook Group. It is a leader in European trailer rental with a current fleet of 21,000 trailers in 10 European countries. Growth is targeted to continue.

Reporting to the International Finance Director, you will have overall responsibility for the UK Finance function. You will play a strategic role in the continued growth and success of the Company.

You are likely to be a Graduate ACA/FCA with a proven successful track record. You will be a well-rounded, strong team player seeking an opportunity to demonstrate your initiative and creativity within a challenging environment. Strong analytical and communication skills are essential. You must have experience in hands on pro-active management of a large centralised finance team and have EDP experience. Ideally, you would have a knowledge of UK taxation systems, and strong cash management abilities, and be an active participant in both day to day running of the business and the commercial decision making.

The remuneration and benefits package will reflect the importance of this role.

If you have the skills and background to match our demanding criteria, please submit your CV in complete confidence to:

Central Trailer ◆ Rentco

Mrs. Jennifer Bowden,
Director of Human Resources,
Tiphook plc, Lancaster House,
7 Elmfield Road, Bromley,
Kent BR1 1LT.
Fax: 081 466 5704. Tel: 081 460 6060.

Tiphook◆plc

W&G FINANCIAL CONTROLLER

COLCHESTER

£25,000 + CAR + BENEFITS

Do you have the vision, ambition and commercial flair to seize this opportunity?

As *Colchester's most successful independent* department store, Williams & Griffin can offer you a first class opportunity to achieve your career objectives with the real prospects of a board appointment in the medium term.

Your brief as Financial Controller will encompass the continued development of computerised accounting systems. Leading a small finance team you will ensure the prompt production of financial information and Statutory Accounts. As the financial member of the business management team you will make a significant contribution to policy decision making and to the future success of the company.

Fully qualified and with an interest or experience in the retail environment, your communication and motivational skills and your business acumen will be paramount to your success.

This is the chance you've been waiting for!

For further information contact:
Accountancy Personnel
1 Church Street,
Colchester,
Essex.
CO1 1NF
Tel: 0206 766621

Accountancy Personnel
You don't just count you matter
Hays
A Hays Personnel Services Limited Company

Acquisitive US Multinational – FMCG – Overseas Travel

International Financial Management

Surrey **c£30,000 + FX Car**

Our client is a market leading, multinational foods and consumer products group. An exceptional opportunity has arisen within the small international head office of a business division which has doubled in size in the last three years to over $1 billion turnover.

Internal promotion has generated the requirement for a high calibre, commercially aware individual to make a major impact on the business. In a very broad financial management role, key areas of responsibilities will include:–

- Balance sheet management
- Review of capital structure and gearing
- Cashflow and working capital management
- Financial analysis and ad hoc projects
- Foreign Exchange management

The successful candidate will be a graduate chartered accountant, aged 27-30, with 2-3 years post qualification experience. Previous exposure to multi currency accounting or treasury management would be advantageous.

Essential personal qualities will include strong interpersonal skills, a high level of commercial acumen and the drive and ambition to succeed within a multinational organisation.

International career development opportunities within this organisation are excellent.

Interested candidates should submit their C.V's to **Sajid Baloch MBA, at Michael Page Finance,**
Cygnet House, 45-47 High Street,
Leatherhead, Surrey, KT22 8AG
Tel No. 0372 375661.
Fax No. 0372 370101.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

CAREER CHOICE

The Financial Times proposes to publish a Survey on the above on

17th October 1990

For a full editorial synopsis and advertisement details, please contact:

Nicholas Baker

on 071-873 3351
or write to him at:

Number One, Southwark Bridge
London SE1 9HL.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Group Accountant

North East London **Salary c.£30,000 + car**

Our client is a very successful and profitable veterinary group based in North East London and Essex. The group has been established for over thirty five years and has a number of related interests consisting of quarantine kennels, a veterinary hospital, a pet crematorium and cemetery, a large farm based in Essex and ownership of valuable property in the West End. As a result of their continuing growth and expansion, the Chairman has identified the need for an entrepreneurial and competent accountant to oversee and regulate the company's financial needs.

Reporting directly to the Chairman, the Group Accountant will be fully responsible for the management and financial accounting functions of the Group. This will involve a complete update and review of the existing systems, both manual and computerised. The encumbent will also play a proactive role in the future growth of the Group.

Candidates should be qualified accountants aged between 26-32. A good working knowledge of computerised accounting systems combined with strong delegatory and management skills are essential prerequisites for this highly unusual and challenging role. Interested candidates who meet these criteria should send a comprehensive CV including current salary and a daytime telephone number quoting reference number LM589 to Carol Jardine, Spicers Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

LOCATION ACCOUNTANT

c£25k + Quality Car **Cannock**

Parker Hannifin are a major US based multi-national corporation and a worldwide leader in manufacturing components and systems for industrial motion control. In the UK we employ around 1,700 people, and are now seeking to recruit a qualified accountant for our largest Division which produces pneumatic equipment for the European market.

The position reports to the Division Controller and is responsible for all aspects of financial control and reporting, management accounting and analyses for the two UK Division locations. The role is a pro-active one of advising operation management on the financial implications of business strategies and policy, and managing a small functional team.

Applicants should be of graduate calibre in a numerate discipline and preferably CIMA qualified with several years' experience in a manufacturing environment. A sound knowledge of standard cost and computerised financial control systems is essential, together with the ability and determination to formulate and influence policy within the business.

Career development opportunities are international and will be limited only by yourself. In addition to performance related salary progression we offer the benefits you would expect of a progressive company including a generous relocation package where appropriate.

If you can meet our requirements and seek a challenging future in an organisation intent on world class manufacturing success please send your c.v., or for an application form contact:

Ronnie Leslie, UK Fluidpower Group Personnel Manager, Parker Hannifin plc, Schrader Bellows Division, Walkmill Lane, Bridgtown, Cannock, Staffs. WS11 3LR. Tel: (0543) 462644.

Schrader Bellows

Parker Pneumatic

Financial Controller

Derby **c. £30,000+car**

Our client is a rapidly expanding and successful organisation whose primary activity is within the property, construction and building sectors. They now require a motivated and enthusiastic individual to assist the Finance Director in developing and leading their finance function.

Key responsibilities will include:

- establishing and maintaining effective accounting procedures
- preparing all management and consolidated accounts
- supervising an accounts function of 20 personnel
- developing and monitoring computer systems for reporting key management information

Probably aged 30 plus and a qualified ACA or ACCA, you will aleady have an impressive track record in financial management, and at least five years experience within a similar role. Rewards match the demands, and the appointee can expect to enjoy a competitive salary and all the other executive benefits associated with a prestigious organisation.

If you believe you have the interest and the qualifications to meet this exciting opportunity, please send your CV and a covering letter (including day-time telephone number), quoting ref: FT146 to: **Margaret Sherburn Stead**

ROBSON RHODES
Chartered Accountants

Management Consultancy Division
Centre City Tower, 7 Hill Street, Birmingham, B5 4UU

Finance Director

c £35,000 pa + Profit Share + Options + Benefits **North West**

Our client is a manufacturing Division of a newly structured old established public group operating within a specialised branch of the Textile Industry based to the North East of Manchester. The Division, under the control of a dynamic Chief Executive is currently undergoing an exciting reorganisation of its member companies and is seeking to make a new appointment of Finance Director who will be responsible for the provision of the full range of accountancy services.

Candidates, preferably in their *mid-thirties, must be mature* Chartered Accountants who can demonstrate practical 'hands-on' experience coupled with the effective management of modern computerised accounting departments in a manufacturing environment.

The remuneration package is attractive and includes a salary of *c £35,000* per annum, executive car, pension and life assurance scheme, private medical care, personal health insurance and relocation expenses as applicable. It is considered the post offers a significant career opportunity to an ambitious accountant wishing to contribute at board level to the effective management and commercial development of this progressive Group.

Please send details of your career to date and contact telephone numbers, quoting reference 6230/FT, to George Hopwood, Grant Thornton Management Consultants, Heron House, Albert Square, Manchester M2 5HD.

Grant Thornton
MANAGEMENT CONSULTANTS
The U.K. member firm of Grant Thornton International

International Fund for Agricultural Development, *IFAD (United Nations)*, Rome, Italy, seeks candidates to fill the post of Treasury Officer at the P3 level.

Under the supervision of the Treasurer, and in liaison with the Financial Advisor, the incumbent assists in the management and investment of IFAD's liquid resources, specifically:

- Analyse economic and market information for formulation of investment strategies, and prepare documentation for the Investments Advisory Committee;
- Prepare and update data needed for assessment of the financial status of banks;
- Contact eligible banks for deposits and securities operations in conformity with Investment Guidelines;
- Supervise settlement procedures and clear investments accounting entries;
- Analyse investment portfolio to facilitate portfolio managment and performance;
- Study market developments, investment instruments and technology and assist in formulating investment policies;
- Other related duties.

Qualifications/Experience: University degree in business administration, banking, economics or related field. Five years experience in banking, or portfolio managment, preferably in a financial institution. Good knowledge of computers. *Full command of English;* knowledge of Arabic, French or Spanish would be an advantage.

Depending on experience/qualifications net base salary from US$ 25,476 to US$ 35,997. Cost of living allowance subject to change according to United Nations common system from US$18,167 to US$ 19,465.

Initial contract: two years
Deadline for application: 03 August 1990
Send two copies of application to:
IFAD Personnel Division
Via del *Serafico, 107*
00142 ROME
ITALY
Only shortlisted candidates will receive an acknowledgement.

FINANCIAL CONTROLLER

c£30K

HHB Communications Ltd., currently sell professional broadcast, communication and recording equipment at the leading edge of *technology, in the* UK and European markets.

We now require an individual with a good grounding Accountancy, to produce all the information necessary for the Board to oversee the future growth of the Company.

We are looking for a self motivated Financial Controller to prepare management information, cash flow and budgetary control, credit control, financial and managemtn accounts.

Candidates are likely to be 27 to 40, with a solid base of practical and theoretical knowledge and good analytical skills. A qualifiction would be an advantage but accountable experience is essential including computer literacy.

HHB can offer an expanding future for someone who wishes to join this young growing Company.

Company car, pension and other benefits.

Write on one side of A4, why you feel you can do this job, including what experience and ability you can offer and mail with a copy of your current CV to HHB Communications Ltd., 73-75 Scrubs Lane, London NW10 6QU or ring 081-960 2144 ext. 300.

Financial Controller
Wholesale Fruiterers Etc

Age 30/40 - Package £35,000/40,000

LONDON LOCATION - NEW COVENT GARDEN

Wholesale food distribution group requires qualified accountant aged between 30 and 40. The person selected will have a direct approach, drive and enthusiasm and be able to deal with all levels of management and be able to assume full financial control. The group is expanding rapidly and it is envisaged that directorship will be offered to the right person after 12 months. Experience of computer systems is a distinct advantage. Only persons with proven commercial/industrial track records and capable of demonstrating a no nonsense approach need apply.

Please reply in first instance with detailed C.V. to Box No. A862, Financial Times, OneSouthwarkBridge, London SE1 9HL

INVESTMENT ACCOUNTANT -

Far East Specialistation

John Govett, a long-established but innovative Investment Managment Company based in the City, needs a Senior Investment Accountant to *assist in its continuing expansion.*

The position is an important one, with substantial responsibilities and will be compensated accordingly. The successful candidate, who will report to the Head of Client Reporting, will develop close contact with an expanding investment team covering the Far East.

We are able to offer salary, negotiable around £28,000 p.a., plus a very attractive package of benefits including non-contributory pension and medical benefits.

Applicants, who should be Chartered Accountants with at least two years post qualification experience, should send your CV or telephone Jane Horace at John Govett & Co Limited, Shackleton House, 4 Battle Bridge Lane, London SE1 2HR, Telephone 071-378 7979.

In recent months you may have found that you're an FT viewer as well as reader.

You may well be watching FTTV's "Financial Times Business Weekly". Thirty minutes of business news, interviews and major topics, covered with the FT's distinctly European perspective.

You may also be catching our daily early morning update on Super Channel, the "FT Business Report", sponsored by Feruzzi.

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The thirty minute programme is shown on CNN International and can be seen in over 6 million homes from Stockholm to Seville and in thousands of top business hotels from Bangkok to Baden-Baden.

So wherever FT viewers find themselves in the business world they can catch up with the news and information they need with "World Business Tonight".

If you'd like to know more about FTTV and where and when FT viewers can tune in to our expanding network please attach your business card and send it to:–

Colin Chapman Managing Director FTTV Number One Southwark Bridge London SE1 9HL

Your business card

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